

LEGAL CERTAINTY FOR PAYMENT OF UNIT LINK INSURANCE CLAIMS THAT HAVE DEFAULTED

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Abstract

Unit link insurance is an insurance product that combines life insurance protection with investment. Although it offers various benefits, there are risks faced by policyholders, especially related to claim payments that are often rejected or delayed. This study aims to analyze the legal certainty in the payment of unit link insurance claims that fail to pay, as well as the factors that influence the insurance company's decision to reject claims. The research method used is a qualitative approach with case study analysis of several insurance companies in Indonesia. Data were collected through interviews with stakeholders, including customers, insurance agents, and insurance companies, as well as analysis of documents related to applicable policies and regulations. The results of the study indicate that the law in claim payments is caused by a lack of understanding of customer requirements and policy provisions, as well as ambiguity in the regulations governing unit link insurance. This study recommends the need to increase transparency and education for consumers regarding unit link insurance products, as well as strengthening regulations to protect the information rights of policyholders. Thus, it is hoped that legal certainty in the payment of unit link insurance claims can be realized, providing better protection for customers.

Keywords: Legal Certainty, Insurance Claims, Insurance Regulations, Customer Protection.

INTRODUCTION

In recent years, unit-linked insurance has gained significant popularity as a financial product that combines life insurance protection with investment opportunities. This dual nature offers policyholders the potential for wealth accumulation while providing essential protection against unforeseen events. However, the complexity of unit-linked insurance policies often leads to misunderstandings regarding the terms and conditions, especially regarding claim payments. Cases of claim defaults, where insurers refuse or delay payments, have raised critical concerns about legal certainty in the sector (Khan, M. A., & Ali, 2018).

This situation is exacerbated by customers' lack of understanding of the investment risks inherent in unit-linked products and the lack of transparency on the part of insurers in explaining policy terms. Uncertainty in claim payments not only harms policyholders financially but also reduces public trust in the insurance industry. Therefore, an in-depth study is needed regarding legal certainty in unit-linked insurance claim payments, especially from the perspective of civil law and religious values, to protect consumer rights and ensure fair business practices.

Legal certainty is a key element in the relationship between policyholders and insurance companies, especially in the context of unit-linked insurance claim payments. Without legal certainty, customers have no guarantee that their rights will be effectively protected, which can lead to widespread distrust and dissatisfaction. Legal certainty includes clear rules, transparent settlement procedures, and consistent implementation of rights and obligations in accordance with the agreement policy.

In this case, strict regulations and legal protection for consumers are essential to minimize potential conflicts and ensure that claims payments are made fairly and on time, in accordance with the agreed provisions(Mason, 2015).

Legal certainty is a fundamental principle in insurance law, ensuring that policyholders can rely on the contractual obligations of insurers. When claims are not paid as expected, it undermines consumer confidence in insurance products and can cause significant financial hardship for individuals and families. The lack of clarity around the rights and obligations of insurers and policyholders exacerbates this problem, creating an environment where disputes are common and their resolution is often protracted.

In this context, it is important to critically evaluate the existing mechanisms for resolving disputes between policyholders and insurers, and to understand how applicable regulations can be strengthened to protect consumer rights. This study aims to identify the factors that cause uncertainty in claims payments, including an analysis of the internal policies of insurance companies and their communication practices with policyholders.

In doing so, it is hoped that solutions can be found that not only increase legal certainty, but also strengthen public trust in the insurance industry as a whole. In addition, this study will also consider ethical perspectives and social values that can contribute to the development of fairer and more transparent insurance practices(McKenzie, 2022).

By engaging various stakeholders, including regulators, insurance companies, and consumer representatives, this study will seek to formulate implementable recommendations to improve transparency and accountability in the insurance industry. In addition, it is important to educate policyholders about their rights and the risks associated with unit-linked insurance products, so that they can make more informed and informed decisions. Through a collaborative and evidence-based approach, it is hoped that the results of this study can contribute positively to policy and practice reforms in the insurance sector, as well as creating a safer and more trustworthy environment for all parties involved(McKenzie, 2022).

In addition, this study will also explore best practices from other countries that have succeeded in increasing transparency and consumer protection in insurance products, so that they can be adapted and applied in the local context. Thus, it is hoped that the recommendations produced are not only relevant, but also practical and can be implemented effectively by all stakeholders in the insurance industry.

Regulations stipulated in the Insurance Law, particularly regarding unit link insurance, must ensure that this product not only provides financial protection, but also transparency in investment management. This includes the obligation for insurance companies to provide clear and accurate information regarding the costs, benefits, and risks associated with unit link products to policyholders. In addition, regulations must also encourage insurance companies to improve financial literacy among consumers, so that they can fully understand the products they purchase and make better decisions regarding their protection and investment(Novaryani, 2023).

This study aims to explore the legal framework governing unit-linked insurance claims, with a focus on factors that contribute to claim defaults and their implications for policyholders. By reviewing relevant regulations, jurisprudence, and industry practices, this study seeks to identify gaps in the current legal landscape that may

hinder timely and fair claim payments. Furthermore, this study will analyze the role of transparency and consumer education in improving legal certainty and protecting policyholder rights (Keller et al., 2018). Through a qualitative approach, this study will gather insights from various stakeholders, including insurance companies, policyholders, and legal experts, to provide a comprehensive understanding of the challenges faced in unit-link insurance claims payments. The findings will contribute to the ongoing discourse on improving regulatory frameworks and practices in the insurance industry, ultimately aiming to foster a more reliable and trustworthy environment for consumers (Keller et al., 2018). In conclusion, ensuring legal certainty in unit link insurance claim payments is essential to maintain consumer confidence and drive sustainable growth of the insurance sector. This study will provide valuable recommendations for policymakers, insurance companies, and consumer advocacy groups to enhance policyholder protection and ensure that their rights are upheld in the face of claim default.

RESEARCH METHOD

In an effort to understand the legal certainty in the payment of unit link insurance claims that fail to pay (Rahman & Kurniasari, 2023), this study adopts a comprehensive approach by combining qualitative methods. This approach was chosen to provide a more holistic picture of the phenomena that occur in the insurance industry, especially related to unlimited claims. This study is descriptive in nature, aiming to describe various factors that influence legal certainty in the context of unit link insurance claims (Agustian et al., 2023).

In addition, legal analysis is also carried out to bring up regulations and policies that govern unit link insurance and practices implemented by insurance companies. Therefore, this study does not only focus on the legal aspect, but also on the real experiences of policyholders. The data sources used in this study consist of primary and secondary data. Primary data were obtained through in-depth interviews with various stakeholders, including policyholders, legal experts, and insurance company representatives. Meanwhile, secondary data were taken from legal documents, insurance company annual reports, and relevant literature on unit link insurance and legal certainty. The data collection techniques used include semi-structured interviews, which allow researchers to explore respondents' views and experiences in depth (Shindo & Stewart, 2021).

In addition, questionnaires were distributed to policyholders to obtain quantitative data that describe their perceptions of legal certainty and claim experiences. This study also includes case studies, where several real cases where unit link insurance claims are not explained to understand the causes and impacts. Data analysis was conducted using thematic analysis techniques for qualitative data, which aims to identify patterns and themes that emerge from interviews and other data. To ensure the validity and reliability of the data, this study applies data triangulation, which is comparing information obtained from various sources and data collection methods. In addition, this study also adheres to ethical principles, including obtaining consent from respondents before the interview and maintaining the confidentiality of the information provided. With this comprehensive research method, it is hoped that a deeper understanding can be obtained regarding legal certainty in the payment of unit link insurance claims that fail to pay, as well as constructive recommendations for future improvements (Syafitri et al., 2024).

DISCUSSION

Legal certainty in claims for payment of failed unit link insurance is a complex and multifaceted issue, which requires serious attention from various parties. One of the main challenges faced is the unclear regulations governing unit link insurance. Many policyholders do not fully understand the applicable terms and conditions, including provisions regarding claims (Taduri, 2021). This ambiguity often causes confusion and dissatisfaction when claims are rejected. Ambiguous regulations provide room for insurance companies to interpret provisions unilaterally, which ultimately harms policyholders. The practice of non-transparent claim rejections is also a significant problem. Many insurance companies implement claim rejection policies for reasons that are unclear or not in accordance with the agreed provisions (Putri & Hediati, 2024). This creates fear for policyholders, who feel disadvantaged by unfair decisions. Unfounded claim rejections can result in a loss of public trust in the insurance industry as a whole (Agency, 2021).

In addition, the lack of education and understanding of unit link insurance products is a problem that cannot be ignored. Many policyholders do not have adequate understanding of the risks and benefits associated with the product. Lack of education from insurance companies regarding the products they offer can cause policyholders to be unaware of their rights in the claims process. This has the potential to lead to dissatisfaction and conflict between policyholders and insurance companies (Philipo et al., 2023). The complicated and convoluted claims process also often becomes a barrier for policyholders to obtain their rights. Many policyholders find it difficult to meet the requirements set by the insurance company, which can cause their claims to be rejected or delayed. This inefficient process can worsen the situation for policyholders who are already in a difficult situation.

Furthermore, minimal legal protection for policyholders often creates injustice in the relationship between policyholders and insurance companies. Although there are regulations governing the insurance industry, many policyholders feel they do not have enough power to fight against adverse insurance company decisions. This creates injustice, where policyholders are often in a weak position (Chang, 2024).

To address this issue, greater efforts are needed from regulators to strengthen legal protection for policyholders, including stricter enforcement of sanctions against insurance companies that do not fulfill transparency and accountability obligations. In addition, it is important to establish an effective and easily accessible dispute resolution mechanism, so that policyholders can claim their rights without having to face significant obstacles. With these steps, it is hoped that the relationship between policyholders and insurance companies can become more balanced and fair.

Law Number 40 of 2014 (Fitriana, 2014) concerning Insurance is present as an effort to create a clear and comprehensive legal framework for the insurance industry in Indonesia. With an emphasis on transparency, accountability, and consumer protection, this law serves as a foundation for improving the relationship between policyholders and insurance companies (Deloitte, 2023).

One of the important points in this law is the obligation of insurance companies to provide clear and adequate information regarding the products they offer. This includes a detailed explanation of the benefits, risks, and costs associated with insurance products, so that policyholders can make more informed decisions. In addition, this law also emphasizes the importance of transparency in the claims process and dispute

resolution, which are often a source of dissatisfaction for policyholders (Insurance Information Institute, 2010). In an effort to protect consumers, the Insurance Law provides better rights for policyholders. They are entitled to accurate and timely information, and have channels to claim their rights in the event of a dispute. Thus, this law serves to reduce the injustice often experienced by policyholders, who were previously in a weak position when dealing with insurance companies.

In addition, this law also stipulates sanctions for insurance companies that violate existing provisions. Stricter law enforcement is expected to encourage compliance with the law, so that insurance companies are more responsible for the decisions they make. With these steps, it is hoped that public trust in the insurance industry can increase, creating a fairer and more sustainable ecosystem for all parties involved.

The social and economic impacts of failure to pay unit link insurance claims also cannot be ignored. Uncertainty in the insurance industry can reduce public confidence in the financial system, which in turn can affect overall economic stability. Policyholders who do not receive their claims may experience significant financial difficulties, which can impact the welfare of their families (Chalouat et al., 2019).

Thus, the issue of legal certainty in the payment of claims for failed unit link insurance requires serious attention and collaborative efforts from various parties, including regulators, insurance companies, and policyholders themselves. Steps are needed to increase transparency, education, and legal protection for policyholders. With these efforts, it is hoped that a fairer and more reliable insurance system can be created, which will ultimately increase public confidence in the insurance industry (Khan, M. A., & Ali, 2018).

CONCLUSION

Legal certainty in the payment of unit link insurance claims that fail to pay is an important issue that affects public trust in the insurance industry. Several key points that can be concluded are:

1. There are shortcomings in the regulations governing unit link insurance, especially related to claim procedures and handling of default cases. This can cause uncertainty for policyholders (Santri et al., 2022).
2. Consumer protection in the context of unit link insurance still needs to be improved. Many policyholders do not fully understand their rights and obligations, as well as the risks associated with this insurance product (Fajarwati, 2024).
3. Complicated and less transparent claim processes often become obstacles for policyholders to obtain their rights. Unclear claims procedures can cause frustration and dissatisfaction (House & Parliament, n.d.).
4. Adequate education regarding unit link insurance products is essential to improve policyholder understanding. Without a good understanding, policyholders may not be aware of the risks and provisions in their policies (Finserv & Company, n.d.).
5. Effective dispute resolution mechanisms, such as mediation, can help resolve conflicts between insurance companies and policyholders more quickly and fairly (Muhammad Mukhtar Shidiq & Ro'fah Setyowati, 2022).

Based on the conclusions above, here are some suggestions to improve legal certainty in the payment of unit link insurance claims that fail to pay:

1. Regulatory authorities should strengthen regulations governing unit link insurance, with a focus on clarity of claim procedures and the responsibility of insurance companies in fulfilling their obligations.
2. Insurance companies need to increase transparency in communication with policyholders, including providing clear information about the claim process, risks, and policy provisions.
3. Develop a comprehensive education program for policyholders regarding unit link insurance products, including their rights and obligations, and how to file claims correctly.
4. Insurance companies should strive to simplify the claim process to make it easier for policyholders to understand and access. This includes the use of technology to facilitate claim submission.
5. Establish and promote efficient dispute resolution mechanisms, such as mediation or arbitration, to handle disputes between policyholders and insurance companies.
6. Conduct regular monitoring and evaluation of insurance companies' practices in handling claims, to ensure that they comply with regulations and provide adequate protection for policyholders.

By implementing these suggestions, it is hoped that legal certainty in the payment of unit link insurance claims that fail to pay can be improved, thereby providing better protection for policyholders and increasing public trust in the insurance industry.

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