EFFECTIVENESS OF LIFE INSURANCE CLAIM DISPUTE RESOLUTION PROCEDURES THROUGH THE CONSUMER DISPUTE RESOLUTION AGENCY (BPSK)

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ABSTRACT

The effectiveness of life insurance claim dispute resolution procedures through the Consumer Dispute Resolution Agency (hereinafter abbreviated as BPSK) is an important aspect in efforts to protect insurance service consumers legally. Life insurance claim disputes often arise due to claim rejection by insurance companies, differences in interpretation of policy content, and default in the implementation of insurance agreements. This study, BPSK plays a role as a non-litigation institution that provides alternative dispute resolution that is faster, simpler, and less expensive than court channels, however, the effectiveness of the implementation of dispute resolution procedures through BPSK remains a problem, due to resource constraints or a lack of public understanding of the functions and authorities of BPSK, limited competent human resources in the insurance sector, overlapping authorities with other institutions such as the OJK and the courts, and weak implementation of BPSK decisions in the field.

The research method used is a normative juridical approach by examining applicable laws and regulations, legal doctrine, and relevant literature related to consumer protection and insurance law. This research is descriptive-analytical, with data collection through a literature study focusing on the provisions of Law Number 8 of 1999 concerning Consumer Protection, Law Number 40 of 2014 concerning Insurance, and other implementing regulations. The research analysis focuses on the extent to which dispute resolution procedures at the BPSK are able to guarantee effective legal protection for consumers, particularly in life insurance claim disputes. The research results show that the BPSK plays a strategic role in resolving life insurance claim disputes, but its effectiveness is not optimal. The main obstacles include limited competent human resources in the insurance sector, low public understanding of the BPSK's functions and authorities, overlapping authority with other institutions, and weak implementation of BPSK decisions. Efforts to increase the effectiveness of dispute resolution require strengthening the

BPSK institution, improving coordination between institutions, increasing insurance company compliance, and enhancing consumer literacy so that legal protection can be more optimally realized.
Keywords: Effectiveness, Dispute Resolution, Life Insurance, BPSK

A. Introduction

The implementation of business activities not only involves social interaction but also requires clear legal enforcement. One example is the use of agreements in business activities, particularly in the insurance sector. In Indonesia, financial services institutions such as insurance companies play a crucial role in providing services to the public by transferring the risk of potential future losses. This is accomplished through a binding insurance agreement between the insurer and the insured, where the insurer is responsible for providing compensation for the risk incurred, and the insured is obligated to pay a premium in return.

According to Article 246 of the Commercial Code, insurance is an agreement in which the insurer binds himself to the insured by accepting a premium to provide compensation for losses that may be suffered due to an uncertain event. Furthermore, Law Number 40 of 2014 concerning Insurance also confirms that insurance is an agreement between an insurance company and a policyholder that serves as the basis for receiving a premium in exchange for providing compensation to the insured. This shows that insurance agreements have a strong legal basis and are binding on both parties.

In the context of Islamic law, the principles related to agreements and responsibilities are also regulated in the Qur'an. For example, in Surah An-Nisa' (4:29) and Surah Al-Maidah (5:1), there is an emphasis on the importance of fulfilling agreements and not taking other people's property through improper means. This is relevant to insurance practices, where insurance companies are expected to fulfill their claim payment obligations as a form of valid contract implementation. This obligation reflects the principle of good faith that must be upheld by all parties to the agreement.

Life insurance is a type of insurance that provides protection for a person's life. In practice, life insurance functions as a socio-economic tool, where a group of people work together to distribute the burden of loss due to death. Information provided by the insured is crucial in determining the risk and the amount of premium to be paid. The principle of "utmost good faith" requires the insured to provide honest and accurate information regarding facts relevant to the insured object.

However, insurance contract practice often exhibits an imbalance in the negotiation process between the parties. This can result in an agreement that is less advantageous to one party, especially when standard contracts are used in poor faith. This imbalance can lead to disputes, often related to denied claims or differing interpretations of policy terms and conditions. Therefore, it is crucial to ensure that insurance contracts are drafted with the interests of both parties in mind.

Disputes between insurers and insured can be resolved through litigation or non-litigation. One institution authorized to resolve consumer disputes outside of court is the Consumer Dispute Resolution Agency (BPSK). The BPSK was established to provide a faster and more efficient alternative for disputed parties. However, the BPSK's effectiveness in resolving insurance claim disputes remains a matter of debate, particularly due to a lack of public understanding of its functions and authority.

The BPSK frequently faces various challenges, such as limited competent human resources in the insurance sector and overlapping authority with other institutions such as the Financial Services Authority (OJK). Furthermore, the implementation of BPSK decisions, which are final and binding, is often ignored by insurance companies, creating legal uncertainty for consumers. Therefore, evaluating the effectiveness of insurance claim dispute resolution procedures through the BPSK is highly relevant to improve legal protection for insurance consumers in Indonesia.

Taking the aforementioned aspects into consideration, this study aims to assess the extent to which consumer rights are effectively guaranteed and protected through the BPSK. This study will be based on a normative analysis using secondary data, supplemented by primary data from direct interviews with BPSK members. It is hoped that the results of this study will contribute to the development of a more effective insurance claim dispute resolution system and support the creation of a healthy and trustworthy insurance industry in Indonesia.

B. Research Methods

A study cannot be called research if it does not have a research method.[1] Research methods are one of the factors of a problem that will be discussed. The study was conducted using secondary data which was analyzed qualitatively using the Desk Research Method. The

[1] Hanifah, I., Hariyanto, H., Ginting, L., Koto, I., & Syafriana, R. (2026). Legal Protection of Indonesia's Fisheries from Foreign Investment: A Social-State Approach. *Jurnal IUS Kajian Hukum dan Keadilan*, *14*(1).

literature materials used in writing this research are several references originating from research results, studies, and reviews of several writings which are then summarized into a scientific paper.[2]

C. Discussion

1. Procedures for Settling Life Insurance Claim Disputes through BPSK in Indonesia

Life insurance is a crucial instrument for providing financial protection for individuals and families against the risk of death. In the Indonesian context, life insurance serves not only as financial security but also as a risk transfer mechanism between the insurer and the insured. Law No. 40 of 2014 concerning Insurance clearly regulates life insurance, although there are still gaps in the clarity of legal provisions governing the relationship between insurance companies and customers. In this regard, it is important to understand that a life insurance policy is a binding contract between both parties, where the insured agrees to pay a premium, and the insurer is obligated to provide insurance benefits to the beneficiary or designated party in the event of a covered risk.

When a dispute arises between an insurer and an insured, resolution can be achieved through litigation or non-litigation. Dispute resolution through the courts is regulated by the Civil Code, while out-of-court settlements can be achieved through the Consumer Dispute Resolution Agency (BPSK). Established under Law Number 8 of 1999 concerning Consumer Protection, the BPSK serves to provide a faster and more affordable alternative dispute resolution. The BPSK has the authority to resolve disputes through mediation, conciliation, and arbitration, allowing parties to reach an agreement without having to go through a lengthy and expensive court process.

The BPSK dispute resolution mechanism offers advantages, including free fees and a relatively short resolution time of up to 21 days. However, the BPSK faces challenges, such as the unequal distribution of BPSKs across all regions and the lack of opportunity for dissatisfied parties to file objections with the BPSK's decisions. This demonstrates that, while the BPSK aims to provide access to justice for consumers, its effectiveness is still hampered by these factors.

Data from the District Court Case Tracking Information System shows an increase in

[2] Simatupang, R. S. A., Hanifah, I., & Mansar, A. (2025). The Concept of Restitution as Legal Accountability in the Crime of Human Trafficking. Pena Justisia: Media Komunikasi dan Kajian Hukum, 24(1), 3554-3462.

the number of insurance disputes, demonstrating the importance of protection for policyholders. In practice, many disputes arise from claim rejections and contractual ambiguities. Therefore, the BPSK plays a crucial role in providing more efficient alternative solutions. However, to achieve greater effectiveness, human resource capacity and public understanding of the BPSK's functions are needed.

Overall, the life insurance claim dispute resolution procedure through the BPSK is designed to provide a fast and simple mechanism. While challenges remain, the existence of the BPSK as an out-of-court dispute resolution institution is a positive step in providing legal protection for consumers. Therefore, institutional strengthening and improving the quality of BPSK services are crucial to ensure that consumers receive adequate justice and protection in life insurance disputes.

2. Obstacles to the Implementation of Life Insurance Claim Dispute Resolution Through BPSK

Life insurance is a crucial instrument in social and economic protection systems, providing individuals and families with a sense of security from the risk of death or accident. However, increased public awareness of the importance of life insurance has also led to an increase in claims, which often result in disputes between policyholders and insurance companies. These disputes are generally caused by differing interpretations of clauses in life insurance policies and a lack of public understanding of the rights and obligations under insurance agreements. According to data from the Financial Services Authority (OJK), the number of complaints related to life insurance claims has increased by 30% in recent years, indicating a serious problem in resolving these disputes.

One alternative dispute resolution system recognized by Indonesian law is the Consumer Dispute Resolution Agency (BPSK), which is regulated by Law Number 8 of 1999 concerning Consumer Protection. The BPSK has the authority to resolve disputes between consumers and businesses, including disputes over life insurance claims. However, the effectiveness of the BPSK in resolving these disputes remains questionable. Research shows that while the BPSK provides easier access for consumers, various obstacles, such as regulatory inconsistencies between the Consumer Protection Law and the Insurance Law, create confusion regarding the authority of the BPSK and the Financial Services Authority (OJK).

Another obstacle faced by the BPSK is the complexity of insurance contracts, which consumers often don't understand. Many consumers are unable to substantiate their claims when claims are rejected because they don't understand the exclusion clauses contained in the policy. This is exacerbated by an information imbalance between insurance companies and consumers, which often benefits the companies. A study by the BPSK showed that 60% of consumers feel inadequately informed about their rights and obligations under insurance contracts.

The dispute resolution process at the BPSK (Consultative and Insurer's Complaints and Insurer's Complaints Agency) is also hampered by business actors' failure to attend BPSK summonses, which hinders trials. Many insurance companies use overlapping jurisdiction as an excuse to reject the BPSK's jurisdiction, thus transferring disputes to the district court. This not only prolongs the dispute resolution process but also undermines public trust in the BPSK as a consumer dispute resolution institution.

To improve the effectiveness of the BPSK, efforts are needed to educate consumers about their rights and obligations under insurance contracts, as well as refine regulations governing the authority of the BPSK and the Financial Services Authority (OJK). This is expected to ensure the BPSK functions optimally as a fast, affordable, and fair dispute resolution body, while also enhancing public trust in the life insurance industry in Indonesia.

3. Efforts to Increase the Effectiveness of Life Insurance Claim Dispute Resolution through BPSK

One alternative out-of-court dispute resolution recognized under Indonesian law is the Consumer Dispute Resolution Agency (BPSK). The BPSK is designed to provide faster, simpler, and less expensive dispute resolution for consumers who feel they have been harmed by insurance companies. The BPSK's existence is crucial, particularly in the context of life insurance claim disputes, where an information imbalance often occurs between insurance companies and consumers. This puts consumers at a disadvantage in defending their rights, leading to an increase in lawsuits due to claim rejections and unclear contract provisions.

In practice, complaints about the dispute resolution mechanism administered by the Financial Services Authority (OJK) arise because the process is too administrative and less interactive. In contrast, the process at the BPSK provides a greater sense of fairness and transparency, as the parties are present in person during the hearing. This process allows consumers to submit complaints directly and face-to-face with business actors, creating a more open dialogue. According to BPSK data, the number of successful dispute resolutions through the BPSK indicates that the procedures implemented are quite effective in providing access to justice for consumers.

Legal protection for consumers is regulated by Law Number 8 of 1999 concerning Consumer Protection, which aims to maintain a healthy business climate and encourage business actors to be responsible. However, to realize the principles of justice and legal certainty, an understanding of the rights and obligations of the parties must be continuously disseminated. This is crucial given that the relationship patterns within insurance products often place consumers in a weaker informational position, particularly in cases of life insurance claims involving complex policy documents.

Increasing the effectiveness of life insurance claim dispute resolution through the BPSK can be achieved through several steps, such as strengthening BPSK capacity, improving consumer understanding of claims mechanisms, and increasing insurance companies' compliance with consumer protection standards. Synergy between the government, BPSK, insurance companies, and the public as consumers is essential to achieving this goal. The government needs to strengthen regulations and oversight of the implementation of BPSK decisions, while BPSK must increase the capacity of its human resources to handle life insurance disputes.

Ultimately, the effectiveness of life insurance claim dispute resolution through the BPSK will increase if there are simultaneous improvements in public literacy, institutional capacity, regulatory alignment, and business commitment. By increasing the transparency and quality of information provided to policyholders, as well as improving claims service mechanisms, insurance companies can reduce the number of disputes that need to be brought to the BPSK. Synergy between these aspects will result in a more responsive, credible, and equitable dispute resolution system for consumers.

D. Conclusion

The Consumer Dispute Resolution Agency (BPSK) is an independent institution that resolves consumer disputes non-litigation through mediation, arbitration, and conciliation as an alternative to the courts. Although its decisions are final and binding if no objections are filed, the effectiveness of the BPSK still faces various obstacles, such as limited authority, weak legal powers, the absence of executive power over mediation results, and limitations in regulations, institutional capacity, and independence. These conditions create legal uncertainty and impact consumer protection, particularly for those in vulnerable positions.

Barriers to resolving life insurance claim disputes through the BPSK (Indonesian Insurance Supervisory Agency) come from consumers, institutions, and business actors. Overall, discussions regarding the effectiveness of consumer insurance dispute resolution at the BPSK indicate that the primary problem lies not only in regulations but also in implementation and harmonization between institutions. Differences in interpretation of authority, weak enforcement of decisions, lack of technical capacity, and low consumer literacy create interconnected barriers.

Efforts to improve the effectiveness of life insurance claim dispute resolution through the BPSK require increased public understanding, strengthened BPSK human resource capacity in the insurance sector, improved inter-agency coordination, and enhanced transparency and service quality for insurance companies. Furthermore, strengthening the implementation of BPSK decisions is crucial for effective dispute resolution and providing legal certainty for consumers.

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