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Jiwasraya Insurance Default Case: Civil Law Perspective in Consumer Protection

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Abstract: *The Jiwasraya Insurance default case raises complex legal implications, especially in the perspective of civil law and consumer protection. The legal relationship between the insurance company and the policyholder, which should be based on the principles of pacta sunt servanda and good faith, turned into a dispute due to violation of contractual obligations and weak supervision. This research uses a normative juridical method with a legislative approach, especially Law Number 40 of 2014 concerning Insurance and Law Number 8 of 1999 concerning Consumer Protection. The results of the analysis show that the civil liability of insurance companies has not been effective due to the weak enforcement of the principles of prudence and transparency in business practices. Legal protection for consumers has also not been optimally implemented due to information inequality, low legal literacy, and lack of intervention by supervisory authorities. It is necessary to reconstruct the principles of civil law that are oriented towards substantive justice and corporate social responsibility so that consumer rights are comprehensively protected. Consistent law enforcement, dispute resolution system reform, and strengthening public legal literacy are key to realizing a transparent, accountable, and fair insurance industry.*

Keywords: *Consumer Protection; Civil law; Insurance*

INTRODUCTION

The default case that befell PT Asuransi Jiwasraya (Persero) has shaken the foundation of public trust in the insurance industry in Indonesia. This phenomenon not only illustrates managerial problems, but also shows structural weaknesses in the legal and supervisory aspects of state-owned financial institutions. The failure of the company to fulfill its policy payment obligations to customers causes massive losses and gives birth to a widespread crisis of trust among the public.[1] This incident is proof that the legal protection system that regulates the relationship between financial services business actors and consumers is still vulnerable to abuse of authority. The public as a party that puts its trust in financial institutions should obtain legal certainty guarantees for every right arising from contractual relationships. The loss of public trust not only

[1] Widyani, F. A., & Wijayati, R. A. (2021, October). Legal Responsibility of Jiwasraya Insurance Companies to Customers. In *ICLHR 2021: Proceedings from the 1st International Conference on Law and Human Rights, ICLHR 2021, 14-15 April 2021, Jakarta, Indonesia* (p. 456). European Alliance for Innovation.

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has an impact on corporate reputation, but also has implications for national economic stability. Therefore, the Jiwasraya problem can be seen as a manifestation of the weak integration between the principle of corporate prudence and the legal norms that govern the implementation of the insurance business. This situation demands an in-depth legal study to decipher the root of the problem from a civil and consumer protection perspective.

The legal relationship between the customer and the insurance company is actually based on the principle of freedom of contract as stipulated in Article 1338 of the Civil Code. Insurance agreements create reciprocal rights and obligations that must be fulfilled by both parties in good faith. When a company does not carry out its obligation to pay insurance benefits, legal consequences arise in the form of default that gives rise to compensation liability. These obligations are not only moral, but also juridical because they are rooted in the principle of pacta sunt servanda which affirms that every agreement applies as a law for the parties.[2] Within the framework of civil law, the customer has the right to demand the fulfillment of achievements, cancellation of agreements, or compensation for losses suffered due to the company's negligence. However, reality shows that clients' bargaining positions are often weak due to limited access to effective legal mechanisms. This weakness is compounded by the complexity of insurance contracts that are often not fully understood by consumers.[3] Therefore, the meaning of civil liability in insurance legal relations must be emphasized so that it is not only formal, but also substantive to ensure the protection of consumer rights.

The Jiwasraya case revealed that the main weakness of the national insurance system is not only in investment management, but also in the effectiveness of regulations that are supposed to ensure legal compliance. Law Number 40 of 2014 concerning Insurance has provided a normative basis for the implementation of a healthy insurance business, but its application is often not in line with prudential principles and information disclosure.[4] Supervision carried out by financial authorities has not been able to detect and prevent irregularities that are massively detrimental to consumers. This phenomenon shows that civil law norms that govern contractual relationships need to be integrated with public supervision instruments so that their effectiveness is more optimal. The state's inability to provide comprehensive juridical protection to policyholders shows that there are still legal loopholes that have not been closed by existing mechanisms.[5] This emphasizes the importance of affirming the principle of corporate responsibility within the framework of modern civil law. Thus, the study of the Jiwasraya case becomes relevant to assess the extent to which civil norms are able to ensure a balance between economic interests and legal protection for financial services consumers.

[2] Sewu, P. L. S., Octora, R., & Lusiana, F. (2022). Analysis of the Existence of Insurance Fraud in the Case of Insurance Claim Payment Failure and the Legal Protection for Insurance Clients in the Insurance Company's Failure to Pay Claims. *European Journal of Law and Political Science*, *1*(5), 79-86.

[3] Prihatinah, T. L., Nordin, R., Afwa, U., & Lubis, M. I. (2024). Legal Aspect in the Financial Service Industry's Default in Indonesia. *Pakistan Journal of Life & Social Sciences*, *22*(2).

[4] Fadhila, D. S., Firdausi, R. R. K., Melati, C. A., Sholekhah, A., Toyiba, S. N., & Artama, M. N. F. (2025). Perlindungan konsumen dalam kasus gagal bayar polis asuransi jiwasraya: Analisis regulasi dan peran OJK. *Hukum Inovatif: Jurnal Ilmu Hukum Sosial dan Humaniora*, *2*(3), 254-264.

[5] Inayah, W. N. (2021). Perlindungan Hukum atas Kerugian Nasabah Asuransi Terhadap Kasus Gagal Bayar Ditinjau dari Undang-Undang Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen. *Kosmik Hukum*, *21*(2), 133-141.

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The principle of responsibility in civil law has a central role in upholding contractual justice between the parties. When an agreement is not implemented as it should, the law provides room for the aggrieved party to obtain recovery through a mechanism of compensation or performance fulfillment. However, in practice, the implementation of these principles often faces obstacles due to the imbalance of the position of the parties and the weak legal capacity of consumers. The Jiwasraya case is empirical evidence that legal protection not only requires written rules, but also enforcement instruments that are effective and accessible to the public. The absence of a quick and definite recovery mechanism prolongs the suffering of customers and lowers the credibility of the national legal system. Therefore, it is necessary to reinterpret the concept of civil liability so that it includes preventive and repressive aspects in a balanced manner. Strengthening the role of judicial institutions and supervisory authorities is important to ensure that contractual responsibilities do not stop at the normative level. Thus, the principle of substantive justice can be realized in real terms through the consistent application of the law and oriented towards the public interest.[6]

Legal protection for insurance consumers in Indonesia has been normatively regulated in Law Number 8 of 1999 concerning Consumer Protection as well as various regulations issued by the Financial Services Authority. However, the Jiwasraya case shows that the existence of these regulations has not been able to provide an effective guarantee of legal certainty for customers. This is due to weak law enforcement, limited access to contractual information, and non-optimal dispute resolution mechanisms in the financial services sector. Legal protections that are supposed to provide a sense of security for consumers are actually reduced to administrative formalities without strong substance. These weaknesses show the need to reformulate the civil law approach to be more responsive to the needs of modern consumer protection.[7] Efforts to strengthen the supervision system, product transparency, and consumer legal literacy are key factors to prevent the recurrence of similar cases.[8] The success of the civil law system in protecting consumers can only be realized if there is a synergy between legal certainty, contractual justice, and partiality towards the weak. Thus, the law not only functions as a normative instrument, but also as a means of establishing public trust in the national financial system.

The systemic failure that occurred in Jiwasraya also raises fundamental questions about the state's responsibility for the protection of citizens' rights in economic activities. The state has a constitutional obligation to ensure legal certainty and justice for every citizen, including in economic activities involving government-owned entities. When state-owned companies fail to meet their obligations, then the moral and legal responsibilities of the state come into the spotlight.[9] This situation demands a clear accountability mechanism so that community losses do not drag on without clarity of settlement. From a civil law perspective, these responsibilities can be categorized as corporate responsibilities that are public because they concern the interests of many parties. Therefore, the state cannot shirk its responsibility to ensure the

[6] Njatrijani, R., Sutrisno, P. A., & Primastito, C. A. (2024). Peran Otoritas Jasa Keuangan (OJK) sebagai badan pengawas terhadap fenomena gagal bayar polis asuransi di Indonesia. *Jurnal Pembangunan Hukum Indonesia*, *6*(2), 149-168.

[7] Arvalia, H., Gultom, E., & Sudaryat, S. (2025). Analisis Kepailitan PT Asuransi Jiwasraya Persero dalam Perspektif Perlindungan Konsumen dan Kepastian Hukum Bagi Kreditor. *Journal of Sharia and Legal Science*, *3*(1), 108-117.

[8] Suryono, K. E., & Rahadat, B. A. (2020). Tanggung jawab hukum pt jiwasraya terhadap nasabah. *Jurnal Meta-Yuridis*, *3*(2).

[9] Nurainiyah, N., Astawa, I. K., & Setiady, T. (2024). Perlindungan Hukum bagi Pemegang Polis dalam Konteks Pengalihan Liabilitas dan Restrukturisasi Asuransi Berdasarkan Undang-Undang Nomor 40 Tahun 2014 Tentang Perasuransian. *UNES Law Review*, *7*(1), 169-183.

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restoration of customer rights in a fair and proportionate manner. Strengthening the principles of good corporate governance and public accountability is an important instrument to prevent similar failures in the future. Thus, civil law must transform from simply regulating individual relationships to being an instrument of collective protection that guarantees social justice.

The shift from traditional approaches to a more protective civil law paradigm demands an update of legal policies and practices. Insurance consumer protection cannot only depend on the good faith of business actors, but must be guaranteed through clear, firm, and fair-based regulations. Policy reformulation needs to be directed to strengthen the position of consumers in contractual relationships as well as increase corporate responsibility for any legal risks it poses. In addition, the dispute resolution system must be more adaptive to technological developments and the needs of modern society. The expansion of the role of mediation and arbitration institutions in financial services can be an efficient alternative to civil dispute resolution in the insurance sector. This approach is in line with the principle of access to justice which is one of the main pillars in the modern legal system. Therefore, civil law reform in the field of consumer protection must be directed to create a balance between legal certainty, economic efficiency, and social justice.

The study of the Jiwasraya case provides an important lesson that the sustainability of the insurance industry is highly dependent on legal certainty and consumer protection. Civil law has a strategic role in forming a fair and equitable system between business actors and the community as users of financial services. The success of a legal system is not only measured by the firmness of written norms, but also by the effectiveness of its application in protecting the public interest.[10] Therefore, strengthening the principles of responsibility, transparency, and accountability must be the main pillar in improving the national insurance sector. The synergy between regulations, law enforcement, and public legal awareness will form a healthy and sustainable legal ecosystem. The Jiwasraya case should be used as a momentum to strengthen the commitment to legal protection that is in favor of consumers without ignoring national economic interests. Thus, civil law can function as an instrument of reconstructing public trust as well as a foundation for equitable economic development

METHOD

This study uses a normative juridical method, which is an approach that focuses on positive legal norms that apply and are relevant to the legal problems being studied. This method aims to examine, interpret, and construct the legal rules that govern the legal relationship between insurance companies and consumers, especially in the context of the default case of PT Asuransi Jiwasraya (Persero). Normative juridical research focuses on analysis of primary, secondary, and tertiary legal materials consisting of laws and regulations, legal literature, and academic doctrines related to civil liability and consumer protection in the financial services sector. This approach is conceptual and prescriptive, so that the results of the analysis not only describe the existing normative conditions, but also provide recommendations for strengthening legal protection for insurance consumers.

[10] Panjaitan, B. P., Ismail, I., & Iryani, D. (2022). Mewujudkan Kepastian Hukum Program Penjaminan Polis Untuk Melindungi Pemegang Polis Asuransi. *SETARA Jurnal Ilmu Hukum*, *3*(1).

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Normative research aims to examine and understand how the law should apply (das sollen), not how the law is practiced in empirical reality (das sein), so that the entire analysis process relies on primary and secondary legal materials that are textual and conceptual.[11]

As explained by Peter Mahmud Marzuki, normative legal research is a method that focuses on the study of legal materials as the main object of study, by interpreting and constructing applicable laws to answer certain legal issues.[12] According to Marzuki, this approach is prescriptive because it aims not only to describe the law, but also to provide normative arguments for the validity of a legal action or act in the legal system adopted.[13] Meanwhile, Soerjono Soekanto and Sri Mamudji stated that normative legal research includes research on legal principles, legal systematics, legal synchronization, legal history, and comparative law.[14]

The legal analysis is carried out by linking Law Number 40 of 2014 concerning Insurance which regulates the principles, principles, and obligations of insurance companies in carrying out healthy and responsible business activities. The provisions in the law affirm the company's obligation to maintain solvency, prudence, and transparency of information to policyholders. These principles are the legal basis for the establishment of a valid and fair contractual relationship between the company and the customer. Jiwasraya's failure to fulfill the obligation to pay policy benefits can be considered as a form of violation of civil law obligations stemming from the insurance agreement as well as a violation of the principles of good corporate governance as mandated by the Insurance Law. Therefore, the norms in the law are the normative basis for assessing the existence of corporate default or negligence that causes losses to consumers.

Furthermore, this research also refers to Law Number 8 of 1999 concerning Consumer Protection, which provides a legal basis for the protection of consumer rights against adverse business practices. In the context of insurance, consumers have a position as a party in good faith and have the right to obtain true, clear information, and guarantees for the fulfillment of achievements from the company. Jiwasraya's failure to fulfill its obligations to policyholders can be seen as a violation of consumer rights as stipulated in Article 4 of the Consumer Protection Law, especially the right to comfort, security, and safety in consuming services. Therefore, the application of the normative juridical method allows an analysis of how consumer protection norms can be implemented to enforce the civil liability of insurance companies, as well as assess the extent of the effectiveness of the legal protection carried out by the state through the supervision mechanism of the Financial Services Authority (OJK).

By integrating the two laws, this study seeks to identify the gap between ideal legal norms and factual insurance implementation practices. The normative juridical approach provides space to assess the consistency of the application of the law to the principles of contractual fairness and consumer protection which should be the main pillars of the insurance industry. Through a comprehensive analysis of the applicable legal provisions, it is hoped that this research can make a scientific contribution in strengthening

[11] Novea Elysa Wardhani, Sepriano, and Reni Sinta Yani, *Metodologi Penelitian Bidang Hukum* (Jambi: PT. Sonpedia Publishing Indonesia., 2025).

[12] Peter Mahmud Marzuki, *Penelitian Hukum* (Jakarta: Kencana Prenada Media Group, 2011).

[13] Mahlil Adriaman et al., *Pengantar Metode Penelitian Ilmu Hukum* (Padang: Yayasan Tri Edukasi Ilmiah, 2024).

[14] Rangga Suganda, "Metode Pendekatan Yuridis Dalam Memahami Sistem Penyelesaian Sengketa Ekonomi Syariah," *Jurnal Ilmiah Ekonomi Islam* 8, no. 3 (2022): 2859, https://doi.org/10.29040/jiei.v8i3.6485.

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the civil law framework that ensures certainty, justice, and protection for financial services consumers in Indonesia.

DISCUSSION

1. Insurance Company's Civil Liability in the Legal Perspective of the Agreement

The legal relationship between the insurance company and the policyholder is a form of agreement born from the agreement as stipulated in Article 1313 and Article 1338 of the Civil Code (Civil Code). Insurance agreements create rights and obligations that bind both parties, where the company is obliged to provide insurance benefits when a risk occurs, while the policyholder is obliged to pay premiums according to the agreement.[15] This relationship is based on the principle of *pacta sunt servanda*, which affirms that every legally made agreement is valid as law for the parties to it.[16] This principle is a reflection of the principle of legal certainty which is a pillar in Indonesian civil law. When the company fails to carry out its achievements, it arises as a legal result in the form of default as stipulated in Article 1243 of the Civil Code. In the context of Jiwasraya, failure to pay policy benefits is a real violation of contractual obligations that cause financial and moral losses to thousands of customers. Thus, civil liability is the main instrument to enforce consumer rights that are violated due to corporate negligence.

The legal obligations of insurance companies are not only limited to the fulfillment of financial achievements, but also include the implementation of the principle *of good faith* in every stage of legal relations with customers. This principle requires insurance business actors to provide honest, transparent, and non-misleading information about the products offered.[17] The provisions of Article 7 and Article 8 of Law Number 40 of 2014 concerning Insurance affirm the importance of conducting a healthy, prudent business, and based on the principle of openness.[18] With the non-fulfillment of these principles, the company can be considered to have committed a violation of the law that results in losses to other parties, thus giving rise to civil and administrative liability.[19] In Jiwasraya's case, it was evident that management failed to apply the principles of prudence and transparency, which led to high-risk investment placements without adequate notice to clients. As a result, the contractual relationship that should be based on the trust turns into a complex legal dispute. Therefore, civil liability should be viewed as a juridical consequence inherent in any breach of contract by the insurance company.

The principle of justice also has a central position in assessing civil liability in insurance agreements. Contractual justice demands that the rights and obligations of the parties be exercised in a balanced manner without any abuse of economic position or unilateral domination. In practice, insurance contracts are often

[15] Gisca, V., & Mariț, M. A. (2023). Legal characters of the insurance contract. *Pomiędzy. Polsko-Ukraińskie Studia Interdyscyplinarne*, (11 (4), 49-54.

[16] Syamsiah, D., Bao, R. M. B., & Yuliana, N. F. (2023). Dasar Penerapan Asas Pacta Sunt Servanda Dalam Perjanjian. *Jurnal Hukum Das Sollen*, *9*(2), 841-848.

[17] Hifni, M. (2024). Aspek Hukum Perjanjian Asuransi Dalam Perspektif Hukum Perdata Di Indonesia. *Jurnal Al-Ahkam: Jurnal Hukum Pidana Islam*, *6*(1), 25-32.

[18] Surabangsa, B. (2025). *Perlindungan Hukum Pemegang Polis terhadap Tidak Transparan dalam pemasaran produk Asuransi Unit Link dihubungkan dengan Undang-Undang nomor 40 tahun 2014 tentang Perasuransian: Studi Kasus Bank BCA KCP Sunda Mall* (Doctoral dissertation, UIN Sunan Gunung Djati Bandung).

[19] Siregar, Y., & Erma, Z. (2024). Keabsahan Perjanjian Asuransi Kendaraan Bermotor Ditinjau Dari Perspektif Hukum Perdata. *Fiat Iustitia: Jurnal Hukum*, 28-41.

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standard contracts or standard agreements, which substantively put consumers at a weaker position because they do not have the opportunity to negotiate clauses fairly.[20] This phenomenon shows the existence of structural inequality that has the potential to violate the principles of equality and proportionality in civil law. Therefore, the civil liability of insurance companies is not only measured from the formal aspects of the agreement, but must also pay attention to the balance of rights reflected in the principle of substantive justice. When one of the parties is harmed by the abuse of economic power, then legal responsibility must be upheld for the sake of creating contractual justice. Thus, civil law enforcement in the insurance sector must not stop at administrative legality, but must guarantee the substance of justice for consumers.

From the perspective of the theory of engagement, civil liability includes the obligation to compensate for both material and immaterial damages. Compensation is not only intended to restore the original state, but also to provide a deterrent effect on business actors so that similar violations do not repeat. In the framework of economic law, the civil liability mechanism has a preventive and repressive function at the same time, namely preventing violations and providing sanctions for unlawful acts. Therefore, the implementation of civil liability in the Jiwasraya case should not only be directed at individual compensation, but also the improvement of the insurance management system as a whole. With this approach, civil law acts as a tool of moral and institutional reconstruction for companies that are negligent in their legal obligations. When legal responsibility is carried out consequentially, public trust in the insurance industry can be gradually restored. Civil liability, therefore, is not only a form of judicial retaliation, but also a corrective mechanism for the inequality of legal relations between corporations and society.

The enforcement of insurance companies' civil liability requires the support of the judiciary and financial supervisory agencies to ensure that any violation of the law does not lead to impunity. The courts have a strategic role in interpreting insurance agreements fairly and proportionately, while the Financial Services Authority (OJK) is obliged to ensure that each company implements the principles of prudence and openness. Strong coordination between law enforcement and supervisory agencies is the main prerequisite so that civil liability is not only declarative. Without consistent law enforcement, customers' rights will continue to be marginalized by corporate interests. Therefore, strengthening the civil liability system must be an integral part of national legal policies in the financial services sector. Through the synergy between regulation, supervision, and law enforcement, legal certainty and contractual justice can be realized in real terms.

2. Effectiveness of Legal Protection of Insurance Consumers Based on Law Number 8 of 1999

Legal protection for insurance consumers is a constitutional mandate derived from the principle of the rule of law as affirmed in Article 1 paragraph (3) of the 1945 Constitution. The state is obliged to ensure the protection of citizens from adverse economic practices, including in the financial services sector. Law Number 8 of 1999 concerning Consumer Protection was born as a legal instrument that aims to balance the position between business actors and consumers, as well as ensure the fulfillment of consumers' rights to information, security, and compensation. In the insurance sector, these rights are crucial considering that insurance products involve long-term promises that rely heavily on trust and corporate credibility. However, the Jiwasraya case shows the weak implementation of these norms, where thousands of customers lost their economic rights due to management negligence and weak state supervision. Failure to fulfill the company's obligations is an indicator that normative legal protection has not been effectively realized in practice.

[20] Rambe, S. H., & Sekarayu, P. (2022). Legal protection of customers for failed insurance claims due to non-transparency of insurance policy information. *USM Law Review*, *5*(1), 93-109.

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Therefore, legal protection for insurance consumers needs to be evaluated systemically in order to ensure substantive justice for the community.

The principles *of contractual fairness* and *good faith* are two fundamental principles that should be the foundation of the relationship between insurance companies and consumers.[21] However, in empirical reality, many insurers implement standard agreements with unilateral clauses that limit their own liability. These clauses often cause legal uncertainty for consumers because they contain the potential for biased interpretations of the interests of business actors. Article 18 paragraph (1) letters a to g of the Consumer Protection Law expressly prohibits the inclusion of standard clauses that are detrimental to consumers, including restrictions on the liability of business actors. In the case of Jiwasraya, it can be seen that the position of customers who depend on information from the company causes significant information inequality, so that they cannot objectively assess the risks of the products offered.[22] This information injustice puts consumers in a vulnerable position legally and economically. Therefore, legal protection must be directed to restore this balance through the application of legal norms that favor the interests of consumers.

The existence of the Financial Services Authority (OJK) as a supervisory and regulatory institution for the financial sector should be the main fortress in ensuring consumer protection. However, the effectiveness of the OJK's role is often questioned due to the lack of preventive intervention against potential violations. Law Number 21 of 2011 concerning the OJK provides a mandate to supervise the behavior of business actors (*market conduct supervision*), including in terms of consumer protection of financial services. However, in practice, enforcement against insurance company violations is still more administrative than providing concrete remedies for consumers.[23] In the case of Jiwasraya, suboptimal supervision resulted in systemic violations of the law for years without early detection. The failure shows that the effectiveness of legal protection depends not only on written norms, but also on the institutional capacity to effectively enforce legal principles. Without strong and responsive supervision, consumer rights will still be reduced by the economic power of big business actors.

Effective legal protection must include preventive, repressive, and rehabilitative dimensions. The preventive dimension serves to prevent violations through transparency, literacy, and strict supervision of corporate behavior.[24] The repressive dimension ensures proportionate sanctions for business actors who violate the law. Meanwhile, the rehabilitative dimension demands a fair recovery of aggrieved consumers, either through refunds, compensation, and moral compensation. In the context of Jiwasraya, these three dimensions have not run synergistically due to weak coordination between authorities and slow legal processes. In fact, the success of legal protection is measured by the ability of the legal system to provide

[21] Azhar, E., Pratama, B. P., & Benni, B. (2025). Penerapan Asas Itikad Baik Dalam Penyelesaian Sengketa Perjanjian Pembiayaan Konsumen Akibat Debitur Meninggal Dunia: Studi Kasus Pada PT Sinar Mitra Sepadan Finance Cabang Padang. *Ekasakti Legal Science Journal*, *2*(4), 337-353.

[22] Arvalia, H., Gultom, E., & Sudaryat, S. (2025). Analisis Kepailitan PT Asuransi Jiwasraya Persero dalam Perspektif Perlindungan Konsumen dan Kepastian Hukum Bagi Kreditor. *Journal of Sharia and Legal Science*, *3*(1), 108-117.

[23] Roesnia, O. A., Zahra, T. A., Hariyadi, A. G., Puspa, P. C., & Bella, B. C. (2025). Consumer rights and protection in life insurance products: A perspective on regulations and practices in Indonesia. *Journal of Law, Public and State Administration*, *2*(2), 176-185.

[24] Purwogandi, B. (2023). *Rekonstruksi regulasi penegakan hukum dalam upaya penanggulangan tindak pidana perbankan yang berkeadilan* (Doctoral dissertation, Universitas Islam Sultan Agung).

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real justice, not just formal. Therefore, there is a need to reconstruct legal protection mechanisms that are more participatory, transparent, and on the side of consumers as the most vulnerable parties.

The effectiveness of legal protection also depends on the legal awareness of the community as users of insurance services. Many consumers do not understand their rights as stipulated in Article 4 of the Consumer Protection Law, including the right to compensation or compensation.[25] Low legal literacy results in a weak bargaining position in financial disputes and is often used by business actors. Therefore, strengthening legal protection must be accompanied by efforts to educate and empower the community to be able to access justice independently. The role of the state in this case is not only as a regulator, but also as a facilitator for the creation of legal equality between business actors and consumers. Thus, legal protection for insurance consumers does not stop at the normative level, but develops into an instrument of social justice that is able to improve economic and legal inequality in the financial services sector.

3. Reconstruction of the Principles of Civil Law Protection for Insurance Consumers in Indonesia

The Jiwasraya case marks the need to reformulate civil law principles to be more adaptive to changes in the economic structure and dynamics of the financial services industry. Indonesian civil law, which is still rooted in the Civil Code of colonial legacies, tends to be oriented towards the principle of freedom of contract that puts the parties in an equal formal position. However, reality shows that consumers are often in a subordinate position due to information inequality and the economic power of business actors. Therefore, a new paradigm of civil law is needed that integrates the principles of social justice as required by Pancasila and the 1945 Constitution. This reconstruction demands the strengthening of consumer protection norms in every contractual relationship, especially in sectors that manage public funds such as insurance. Thus, civil law no longer only functions as an instrument of transactions, but also as a means of protecting the public interest. The normative juridical approach plays an important role in building a new legal construction that is more humane, protective, and responsive to the interests of society.[26]

The reconstruction of the principles of civil law protection must be directed at strengthening the concepts *of good corporate governance* and *social responsibility* in the insurance industry. Insurance companies have legal responsibilities that are not only private to policyholders, but also to the public because they collect public funds on a large scale.[27] Therefore, the application of the principles of accountability, transparency, and fairness is an integral part of modern civil law protection. These principles are in line with Articles 3 and 4 of Law Number 40 of 2014 concerning Insurance which emphasizes the principles of trust and prudence in running a business. Violations of these principles should have simultaneous civil and administrative legal consequences. Thus, civil law not only regulates private relationships, but also acts as a mechanism of moral and social supervision over corporations. Such a legal reconstruction will strengthen the integrity of the insurance sector and restore public confidence in national financial institutions.

Furthermore, strengthening civil law protection needs to be realized through the reform of the dispute resolution system between consumers and insurance companies. Slow and expensive litigation systems are

[25] Atsar, A., & Apriani, R. (2019). *Consumer Protection Law Textbook*. Deepublish.

[26] SOLICHIN, R. A. (2025). *Rekonstruksi Regulasi Perlindungan Hukum Nasabah Asuransi Jiwa Terhadap Gagal Bayar Asuransi Berbasis Kepastian Hukum Yang Berkeadilan* (Doctoral dissertation, Universitas Islam Sultan Agung Semarang).

[27] Suryadinata, W., Zaini, N. A., & Suryandari, W. D. (2024). Reconstructing the Legal Framework of Standard Clauses in Insurance Agreements for Consumer Protection. *Journal of World Science*, *3*(11), 1531-1541.

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often ineffective in providing justice for consumers. Therefore, the development of *Alternative Dispute Resolution* (ADR) such as mediation, arbitration, and financial services dispute resolution institutions under the OJK needs to be strengthened institutionally and legally. ADR provides faster, more efficient, and low-cost access to justice for disadvantaged communities. However, its effectiveness depends on the state's ability to ensure independence, professionalism, and compliance with dispute resolution results by business actors. Thus, dispute resolution is not only a technical mechanism, but also an instrument for the implementation of the principle of substantive justice in civil law. Strengthening ADR is one of the strategic steps to strengthen the position of consumers in the midst of the complexity of the modern insurance industry's legal relations.

In addition to the institutional aspect, the reconstruction of legal protection also requires increasing public legal literacy. Insurance consumers should be positioned as rights-conscious legal subjects, not just passive objects of protection. Efforts to improve legal literacy can be carried out through public education, regulatory socialization, and transparency of product information by business actors. The state and the OJK need to collaborate to create a system that supports information disclosure and consumer legal empowerment. With increased legal awareness, people can actively participate in enforcing their rights through civil law channels. The legal independence of the community is an indicator of the success of a just and democratic legal system. Therefore, legal protection cannot be separated from the development of collective legal awareness which is the foundation of social justice in the national economic sector.

Finally, the reconstruction of the principle of civil law protection for insurance consumers must be directed at the establishment of a legal system that is oriented towards substantive justice, not just formal certainty. Regulatory and law enforcement reforms need to be directed to ensure that any contractual violations that harm society are appropriately sanctioned and effective remedies. The normative juridical approach provides a scientific basis for assessing the suitability between positive legal norms and the social needs of modern society. Thus, civil law will function progressively not only as a dispute resolution tool, but also as a tool for social transformation that strengthens public trust in the legal system and financial institutions. Through this reconstruction, the national insurance industry can grow sustainably under a legal umbrella that is fair, transparent, and oriented towards consumer protection.

CONCLUSIONS

The Jiwasraya Insurance default case reflects the weak implementation of civil law principles and consumer protection in the financial services sector that should ensure a balance of rights and obligations between companies and customers. The legal relationship formed through an insurance agreement is essentially based on the principles of *pacta sunt servanda* and *good faith*, but both are degraded due to management practices that are not transparent and full of irregularities. Violations of contractual obligations by companies show that the principle of civil liability has not been consistently applied, so that legal certainty and justice for consumers are neglected. The inequality of position between corporations and consumers that arises due to economic dominance and low public legal literacy further exacerbates the structural injustices that occur. The legal protection guaranteed by Law Number 8 of 1999 concerning Consumer Protection has not been able to be realized effectively due to weak supervision and law enforcement by the competent authorities. Similarly, the provisions in Law Number 40 of 2014 concerning Insurance have not been fully able to prevent the practice of moral hazard and violation of the principle of prudence by insurance companies. This situation shows that positive law is still normatively oriented without paying attention to the dimension of substantive justice which is the main goal of modern legal protection. Therefore, a reconstruction of the civil law paradigm is needed that not only emphasizes freedom of

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contract, but also the social responsibility of corporations in protecting the public interest. Civil law enforcement must be directed to restore public trust in the insurance system through strict sanctions and effective recovery for victims. Reforming the dispute resolution system and strengthening the role of supervisory agencies are strategic steps to ensure the effectiveness of legal protection. Strengthening people's legal literacy is also an important element so that consumers no longer become passive parties in contractual relationships. Thus, justice, certainty, and legal usefulness can go hand in hand in building transparent, accountable, and protection-oriented governance of the insurance industry.

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