

## **SUPERVISION OF THE FINANCIAL SERVICES AUTHORITY IN THE FIELD OF INVESTMENT IN THE BANKING INDUSTRY BY AN INSURANCE COMPANY**

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### **Abstract**

The role of OJK in the financial services sector is expected to be able to protect the interests of consumers from losses due to services in the financial sector, one of which is Jiwasraya insurance. Problems arise when OJK's supervision of Jiwasraya's insurance is poor, so they don't know that Jiwasraya's insurance has failed to pay due to accounting engineering (window dressing) since 2006, resulting in losses for Jiwasraya insurance customers. The problem in this research is how is the implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies? The research method used is normative juridical using secondary data and analyzed using qualitative methods. The results show that the implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies still has weaknesses such as the limited supervision held by the Financial Services Authority at the regional level which does not carry out direct supervision, so the central level Financial Services Authority only carries out supervision and examination of reports that have been recapitulated from all branch offices and regional offices of the concerned financial services business actor. This supervision has the potential for unrecognizing violations of investment in the banking industry by insurance companies, as happened in the Jiwasraya case.

**Keyword: Financial Services Authority, Investment, Insurance**

## INTRODUCTION

Jiwasraya is a state-owned company established based on Government Regulation Number 40 of 1965 dated December 24, 1965. The establishment of Jiwasraya is an effort to implement Government policy in the insurance sector in an effective, efficient and guided manner, namely an absolute requirement for the implementation of the Economic Struggle Program, as outlined by the President / Mandate The MPRS in its political mandate at the MPRS General Session on April 11, 1965. For this reason, it is deemed necessary that the structure and organization of state insurance in Indonesia be transferred to a single life insurance structure and organization, in addition to the Indonesian General Reinsurance State Company.<sup>1</sup> Because Jiwasraya is a company engaged in finance, its supervision is under the Financial Services Authority (OJK).

Based on Article 4 of Law Number 21 of 2011 concerning the Financial Services Authority (OJK), it is stated that one of the duties of the OJK is to provide protection to consumers and / or the public. In order to provide consumer protection, OJK has issued OJK Regulation No. 01 / POJK.07 / 2013 dated 26 July 2013 concerning Consumer Protection in the Financial Services Sector.

The OJK regulation applies the principle of balance, namely between developing the financial services sector in a sustainable manner and simultaneously providing protection to consumers and / or the public as users of financial services.

The OJK regulations contain 3 main aspects, namely:

1. Increasing transparency and disclosure of benefits, risks and costs of products and / or services of Financial Service Business Actors (PUJK);
2. The responsibility of the PUJK to assess the suitability of products and / or services with risks faced by financial consumers;
3. Simpler procedures and convenience for financial consumers to submit complaints and resolve disputes over PUJK products and / or services.

Based on this, normatively, the role of OJK is very good so that it is expected to be able to protect the interests of consumers from losses due to services in the financial sector, one of which is Jiwasraya insurance. Problems arise when OJK's supervision of Jiwasraya's insurance is poor, so they don't know that Jiwasraya's insurance has failed to pay due to accounting engineering (window dressing) since 2006, resulting in losses for Jiwasraya insurance customers.

The chronology of the Jiwasraya case begins in 2006, when the Ministry of BUMN and the Financial Services Authority (OJK) stated that Jiwasraya's equity was recorded to be negative at IDR 3.29 trillion. In 2008, the Supreme Audit Agency (BPK) gave a disclaimer opinion (not expressing an opinion) for the 2006-2007 financial statements because the presentation of the reserve information could not be believed to be true. The company's deficit has widened, namely Rp. 5.7 trillion in 2008 and Rp. 6.3 trillion in 2009.<sup>2</sup>

In 2010-2012, Jiwasraya continued the reinsurance scheme and recorded a surplus of IDR 1.3 trillion at the end of 2011. However, Head of Insurance Bureau Isa Rachmatawarta stated that the reinsurance method is a temporary solution to all problems. This is because the operating profit from reinsurance only reflects false profits and does not have an economic advantage. Therefore, in May 2012, Isa rejected the request for reinsurance extension. Jiwasraya's 2011 financial statements did not reflect fair figures.

In 2012, Bapepam-LK issued a license for the JS Proteksi Plan on 18 December 2012. The JS Proteksi Plan is marketed in cooperation with banks (bancassurance). This product also adds to the company's pain because it offers high interest rates, which are 9 percent to 13 percent.

In 2014, in the midst of financial problems, Jiwasraya made a sponsorship for the English football club, Manchester City. Then in 2017, Jiwasraya's financial condition seemed to improve. Jiwasraya's financial report in 2017 was positive with the achievement of premium income from JS Saving Plan products reaching IDR 21 trillion. In addition, the company made a profit of IDR 2.4 trillion, up 37.64 percent from 2016. It should be noted that during 2013-2017, Jiwasraya's premium income increased due to sales of JS Saving Plan products with a disbursement period every year.

In 2018, the Director of OJK Insurance Supervision, Ahmad Nasrullah, issued a letter of ratification of the 2016 premium reserves of IDR 10.9 trillion. In the same month, the Managing Director of Jiwasraya Hendrisman Rahim and the Director of Finance of Jiwasraya Hary Prasetyo were removed. Customers began to cash out the JS Saving Plan because they smelled the old directors' depravity.

<sup>1</sup> Considering Government Regulation Number 40 of 1965 concerning the Establishment of the Jiwasraya Insurance State Company.

<sup>2</sup> <https://www.cnnindonesia.com/ekonomi/20200108111414-78-463406/kronologi-kasus-jiwasraya-gagal-bayar-hingga-dugaan-korupsi>, accessed on 20 January 2020.

In May 2018, shareholders appointed Asmawi Syam as the managing director of Jiwasraya. Under his leadership, the new directors reported irregularities in the financial statements to the Ministry of BUMN. The indication of the irregularity is correct, because the audit results of the Public Accountant Firm (KAP) Price Waterhouse Coopers (PwC) on the 2017 financial statements corrected the interim financial statements from a profit of IDR 2.4 trillion to only IDR 428 billion.

In August 2018, BUMN Minister Rini Soemarno gathered a board of directors to explore the company's potential for default. He also asked the BPK and BPKP to conduct an investigative audit of Jiwasraya. October-November 2018, the public began to notice the problem of Jiwasraya's liquidity pressure. The company announced that it could not pay the policy claim due to JS Saving Plan customers in the amount of Rp. 802 billion.

In November, shareholders appointed Hexana Tri Sasongko as President Director replacing Asmawi Syam. Hexana revealed that Jiwasraya needed funds of IDR 32.89 trillion to meet the solvency ratio (RBC) of 120 percent. Not only that, the company's assets were recorded at only Rp. 23.26 trillion, while its liabilities reached Rp. 50.5 trillion.

As a result, Jiwasraya's equity was negative amounting to Rp27.24 trillion. Meanwhile, liabilities for problematic JS Saving Plan products were recorded at IDR 15.75 trillion. November 2019, the BUMN Ministry under the leadership of Erick Thohir admitted to reporting indications of fraud at Jiwasraya to the Attorney General's Office (AGO). This was done after the government looked in detail at the financial statements of companies that were considered not transparent.

The failure of the supervision of the Financial Services Authority is due to the presence of Financial Services Authority officials involved in the Jiwasraya case, as well as the lack of role of the Financial Services Authority at the regional level in providing reports to the Financial Services Authority at the central level. This is of course contrary to Article 17 of the Financial Services Authority Regulation No. 73 / POJK.05 / 2016 concerning Good Corporate Governance for Insurance Companies, prohibits directors from conducting transactions that have a conflict of interest, taking advantage of their position and / or receiving personal benefits from the company.

## **PROBLEM STATEMENT**

Based on the above background, the problem in this study is how the implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies?

## **RESEARCH METHODS**

### **1. Types of Research**

This research is basically a normative juridical research, because the target of this research is law or normative principles in the form of legal principles and legal systems. Normative research in this study is a study that describes or describes in detail, systematically, thoroughly and deeply the rationale for the implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies.

### **2. Nature of Research**

This research is descriptive in nature because it describes the prevailing laws and regulations and is associated with legal theories in their implementation practice relating to the problems to be investigated.

### **3. Data Analysis**

The data obtained will be analyzed using qualitative analysis.

## **ANALYSIS AND DISCUSSION**

### **Oversight of the Financial Services Authority in the Investment Sector in the Banking Industry by Insurance Companies**

Development is a series of planned activities towards a better life condition through planned efforts.<sup>3</sup> As a developing country, Indonesia needs development in various fields of the economy. In accelerating national development in all fields, of course, the government requires a large amount of capital. However, the government's ability to provide sufficient capital to accelerate development is very

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<sup>3</sup> Kartasasmitha G, *Pemberdayaan Masyarakat: Konsep Pembangunan Yang Berakar Pada Masyarakat*, Jakarta: Bappenas, 1997, p. 29.

limited. Thus, the government needs to carry out more policies and efforts in order to obtain more funds for development.<sup>4</sup>

Economic development, directly or indirectly, will be followed by the development of various other sectors, such as infrastructure, education, health, transportation, wages, exports, and employment, all of which are related to economic growth, because as it is known, economic growth will indirectly increase welfare. Public.

In order to achieve the vision and mission of development, a substantial investment is required. Investment activities are expected to have a positive effect on economic growth, their presence can act as a driving force and at the same time become a driver for the acceleration of development in general.<sup>5</sup> The differences between legal investment and illegal investment are as follows:

**Chart**  
**The Difference Between Legal Investment And Illegal Investment<sup>6</sup>**

| No. | Category            | Legal Investment                  | Illegal Investment                  |
|-----|---------------------|-----------------------------------|-------------------------------------|
| 1.  | Licensing           | There is a permit from the OJK    | There is no permission from OJK     |
| 2.  | Investment product  | The investment product is clear   | The investment product is not clear |
| 3.  | Profit              | Follows the deposit interest rate | Exceeds the deposit rate            |
| 4.  | Offer to the public | Open                              | Secretly                            |

Based on the chart above, the author can explain that the main difference between legal investment and illegal investment is related to licensing. This is based on the modus operandi of investment under the guise of fraud stated by the Financial Services Authority, that the main feature of fraud under the guise of investment is the lack of legal licensing documents from relevant regulators (supervisors) such as the Financial Services Authority (OJK), Bank Indonesia, Bappebti - Ministry of Trade, Ministry of Cooperatives and SMEs, and others.

Based on existing statutory provisions, currently there are several types of business licenses for collecting public funds and managing investment:

1. Based on Law No. 10 of 1998 which is an amendment to Law no. 7 of 1992 concerning Banking, Bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit or other forms in order to improve the standard of living of the people at large. Any party that collects funds from the public in the form of deposits, must first obtain a business license as a Bank from Bank Indonesia. However, starting 2014, licensing and bank supervision will shift to the OJK.
2. Based on Law Number 8 of 1995 concerning the Capital Market (Capital Market Law), the Investment Manager business license is granted by Bapepam and LK. The scope of business activities of an Investment Manager includes managing Securities portfolios for customers or managing collective investment portfolios for a group of customers. Funds managed by the Investment Manager are invested in Securities instruments as referred to in the Capital Market Law, namely securities, namely debt securities, commercial securities, shares, bonds, evidence of debt, Participation Units, collective investment contracts, futures contracts on Securities, and any derivatives (derivative products) of Securities.
3. The Futures Trading Broker (Broker) business license is granted by Bappebti based on Law Number 32 Year 1997 concerning Commodity Futures Trading. This business license covers activities related to the sale and purchase of commodities based on forward contracts on the mandate of the customer by withdrawing a certain amount of money and / or securities as a margin to guarantee the transaction.

In general, these fraudulent companies are in the form of business entities such as Limited Liability Companies (PT) or Savings and Loans Cooperatives and only have documents of Deed of Establishment / Company Amendment, Taxpayer Identification Number (NPWP), domicile statement

<sup>4</sup> *Ibid.*

<sup>5</sup> Hadi Sasana, "Analisis Faktor-Faktor yang Mempengaruhi Investasi Swasta di Jawa Tengah" *Jurnal Jejak*, Vol. 1, No.1. September 2008, p. 31.

<sup>6</sup> *Ibid.*

from the local village head, with business legality in the form of a Trading Business License. (SIUP), and Company Registration Certificate (TDP). Based on the Regulation of the Minister of Trade Number 36 / MDAG / PER / 9/2007 concerning the Issuance of Trading Business Permits, it is stipulated that companies are prohibited from using SIUP to carry out activities "collecting public funds by offering promises of unfair profits (money game)". One type of investment is insurance.

Insurance is an effort that can be used to overcome possible losses due to uncertain and undesirable events. Through a risk insurance agreement, an event that may result in losses that threaten the interest of the insured will be transferred to the Insurance Company against Losses as the insurer. In return, the insured is willing to pay the agreed premium. With insurance, the insured concerned feels safe from the threat of loss because if the loss actually occurs, the insurer will replace it.<sup>7</sup>

The insured as a party has a certain interest in business activities or in relationships with other parties in society. The interest in question is the responsibility resulting from his actions towards a third party, for example an act that is detrimental to another person or an act of inability to pay a debt to the creditor. This third party liability risk is transferred to the insurer. In English this responsibility is called Third Party Liability. In fact, a form of insurance that covers losses arising from the insured's liability to a third party is absolutely necessary.

Liability insurance is not regulated in the Insurance Act, but can develop in the practice of insurance. The basis for liability insurance is a free agreement between the insured and the insurer made in writing in the form of a deed called a policy. This policy is signed by the insurer and serves as written evidence that liability insurance has occurred between the insured and the insurer.

As written evidence of an insurance agreement that is not regulated by law (KUHD), the provisions of Article 256 of the KUHD regarding the terms of the contents of the policy apply to liability insurance plus special terms agreed upon by the insured and the insurer. In addition, the general principles of insurance stipulated in the KUHD also apply to liability insurance. The form and content of the insurance policy is made by the Insurance Company against losses concerned by taking into account the general terms and special terms agreed upon by both parties. One of the companies engaged in the insurance sector is Jiwasraya.

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Based on this, normatively, the role of OJK is very good so that it is expected to be able to protect the interests of consumers from losses due to services in the financial sector, one of which is Jiwasraya insurance. Problems arise when OJK's supervision of Jiwasraya insurance is poor, so they do not know that Jiwasraya insurance has failed to pay due to accounting engineering (window dressing) since 2006,

<sup>7</sup> Abdulkadir Muhammad, *Hukum Asuransi Indonesia*, Bandung: Citra Aditya Bakti, 2011, p. 177.

<sup>8</sup> Considering Government Regulation Number 40 of 1965 concerning the Establishment of the Jiwasraya Insurance State Company.

resulting in losses for consumers of Jiwasraya insurance customers as the author has explained in the background.

Given this case, a question arises related to the implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies. The existence of the Financial Services Authority as an institution established by the state as a supervisor as stipulated in Article 4 of Law Number 21 of 2011 concerning the Financial Services Authority aims to:

1. organized in an orderly, fair, transparent and accountable manner;
2. able to realize a financial system that grows in a sustainable and stable manner; and
3. able to protect the interests of consumers and society.

In particular with regard to insurance, based on Article 6 letter c of Law Number 21 of 2011 concerning the Financial Services Authority, stipulates that the OJK carries out regulatory and supervisory duties on financial service activities in the insurance sector, pension funds, financial institutions, and other financial service institutions. . Normatively, this regulation has been quite good, however in practice there are still weaknesses in its supervision, especially in the case of Jiwasraya insurance which incidentally is a company from the direct government. It is very ironic, when the government is aggressively in its campaign related to consumer protection, but it turns out that companies from the government themselves commit acts against the law which result in losses to their customers.

In the Jiwasraya case, it was found to have violated the provisions in Article 11 and Article 21 of Law No. 40 of 2014 concerning Insurance. Article 11 regulates the obligation of good governance for insurance companies. Article 21 paragraph (3) provides that in investing the assets of customers, an insurance company is obliged to apply the precautionary principle. Violation of these two articles is subject to administrative sanctions in the form of warnings, business restrictions, restrictions on product marketing, revocation of licenses, cancellation of registration and approval, administrative fines and / or restrictions on occupying certain positions.

Based on BPK's findings, the board of directors and Jiwasraya's board of directors carelessly created the JS Saving Plan program, which offered high interest, which resulted in a negative spread which eroded Jiwasraya's assets. Mistakes also occur in investing in stocks and mutual funds without adequate placement studies.

Based on the provisions in Article 17 of the Financial Services Authority Regulation No. 73 / POJK.05 / 2016 concerning Good Corporate Governance for Insurance Companies, prohibits directors from conducting transactions that have a conflict of interest, taking advantage of their position and / or receiving personal benefits from the company. Perpetrators of violations will be subject to administrative sanctions in the form of written warnings, restrictions on business activities or revocation of business licenses. There are even additional sanctions in the form of prohibition from occupying certain positions in insurance companies as stipulated in Article 80 of the Financial Services Authority Regulation No. 73 / POJK.05 / 2016 concerning Good Corporate Governance for Insurance Companies.

Based on BPK's findings, it was indicated that the sale and purchase of Jiwasraya's shares and mutual funds were carried out by affiliated parties. The law enforcement apparatus authorized to impose this sanction is the Financial Services Authority (OJK).

The results of the research that the author got, it is known that the Head of the Capital Market Supervision Department II a of the Financial Services Authority for the January 2014-2017 period, Fakhri Hilmi has been named a suspect in the Jiwasraya corruption case in June 2020. Fakhri Hilmi as Head of the Capital Market Supervision Department 2A, at in 2016 aware of irregularities in the share transaction of PT. Inti Agri Resources Tbk. (IIKP) whose share price has been significantly increased (mark up) by the Heru Hidayat group which is used as a portfolio of 13 MI mutual funds with the largest equity participation is Jiwasraya.<sup>9</sup>

Fakhri Hilmi did not impose strict sanctions because he already had an agreement with Erry Firmansyah and Joko Hartono Tirta. These two people are affiliated with Heru Hidayat. Fakhri Hilmi and several people above held several meetings with the aim of not imposing sanctions on freezing of business activities on 13 MIs. So that PT AJS 'investment in mutual funds in 13 MIs through its mutual fund products continues and continues to conduct transactions on IIKP shares at the price marked up by the Heru Hidayat Group.<sup>10</sup>

<sup>9</sup> <https://www.cnbcindonesia.com/market/20200626084508-17-168197/13-mi-pejabat-ojk-jadi-tersangka-jiwasraya-apa-perannya>., accessed on 3 January 2021.

<sup>10</sup> <https://www.gatra.com/detail/news/482967/hukum/ini-duduk-perkara-13-korporasi-dan-pejabat-ojk-di-jiwasraya>., accessed on 3 January 2021.

Actions carried out by Fakhri Hilmi as Head of the Capital Market Supervision Department 2A are contrary to the provisions in Article 32 paragraph (1) of Law No. 21 of 2011 concerning the Financial Services Authority, which regulates that if an OJK official / employee is involved with a case, the Board of Commissioners will enforce the code of ethics. Then if there is indication of corruption, then as regulated in Article 11 of Law no. 30 of 2002 concerning the Corruption Eradication Commission of the Corruption Eradication Commission can intervene.

It appears that in general, the Financial Services Authority at the central level actually has direct supervisory authority. However, what about the Financial Services Authority at the regional level? Given that Jiwasraya is a state company spread throughout Indonesia.

Before the author describes the authority of the Financial Services Authority at the regional level related to the supervision of insurance companies, the author first describes the history of the Financial Services Authority having the authority to supervise insurance companies.

Before the Financial Services Authority was established, supervision of insurance companies was carried out by Bapepam-LK which had supervisory authority over Non-Bank Financial Institutions (LKNB). The authority of Bapepam-LK is said to be extraordinary, because it includes the authority to make regulations, conduct examinations and investigations, impose administrative sanctions and fines.

In general, Bapepam-LK's functions are rule making, examination and investigation, and law enforcement. The function of rule making is quasi-legislative, because Bapepam-LK is not an agency formed by the state to make laws and regulations, but is authorized by law to make special regulations in the field of capital markets and Non-Bank Financial Institutions (LKNB).

Such supervision can be carried out by taking measures, both preventive in the form of rules, guidelines, guidance and direction, as well as repressively in the form of examination, investigation and imposition of sanctions. In carrying out its law enforcement function, Bapepam-LK will be proactive if there are indications of violations of the laws and regulations on the capital market and Non-Bank Financial Institutions (LKNB). By conducting examinations and / or investigations based on reports or complaints from capital market players and Non-Bank Financial Institutions (LKNB), the data is analyzed by Bapepam-LK and the results are made public consumption by reporting through the mass media.

In general, the authority possessed by Bapepam-LK is quite good, however, in its implementation, especially in the insurance sector, Bapepam-LK is still considered weak in its supervision. This is as happened in the case of misappropriation of state funds by the Indonesian Credit Insurance BUMN (Askrindo).

Askrindo is a credit insurance company, including people's business credit (KUR) and small and medium business credit insurance (UKM). As a credit guarantor, Askrindo is suspected of having diverted investment funds of up to Rp500 billion. The funds are used to guarantee short-term debt in several securities companies. Some of these funds are also channeled into investments that contain risks, namely investment in pawning stocks, mutual funds and fund management contracts (KPD). The placement of funds in a number of MI companies was triggered by the bad credit experienced by Askrindo, because it financed corporate customers and guaranteed promissory notes issued by corporations, not SMEs.<sup>11</sup>

It was later revealed that this criminal act of misuse of state money and abuse of authority also dragged down a number of officials within Bapepam-LK. They are the Head of the Investment Management Bureau (PI) Djoko Hendrato, the Head of the PP Bureau Sardjito, and the Head of the Inspection Section of the PP Bapepam-LK Bureau Henny Nugraheni.

The case of embezzlement of funds at Askrindo is suspected of involving a number of securities / investment management (MI) companies, one of which is Harvestindo Asset Management. Bapepam-LK, through the Bureau of Investigation and Examination (Biro PP) headed by Sardjito, only limited the investigation of Harvestindo to certain cases. Meanwhile, Harvestindo's fictitious investments and short-term debt in several other companies were not followed up. They have never actually published mutual fund products.

In this case, it appears that at the time of the formation of Bapepam-LK, it was not thought of the need to establish Bapepam-LK at the regional level, because national insurance companies certainly have branch offices in the regions, so the urgency of establishing Bapepam-LK at the regional level is very much needed. .

On November 22, 2011, the issuance of Law No. 21 of 2011 concerning the Financial Services Authority, with the presence of the OJK institution, it is hoped that it will solve the problem of supervision that has been carried out by Bank Indonesia and Bapepam-LK. In an effort to improve supervision of the banking and non-bank financial industry, and the capital market as well as the task of educating

<sup>11</sup> <https://antikorupsi.org/id/article/dpr-pengawasan-bapepam-lk-lemah>., accessed on 17 February 2021.

and protecting consumers, starting December 31, 2013, OJK has opened 35 offices in regions consisting of 6 OJK Regional Offices (KROJK) and 29 OJK Offices. (KOJK) in the regions.

The inauguration of the OJK offices was held in 15 OJK offices, both KROJK and KOJK on January 6, 2014 which was attended by members of the OJK Board of Commissioners and the leadership of the Central OJK. The OJK Head Office is located at the Sumitro Djojohadikusumo Building in the Ministry of Finance Office Complex, Jakarta. Meanwhile, OJK offices throughout Indonesia consist of 9 regional offices covering several work areas.

In relation to this research, in relation to the Financial Services Authority at the regional level, the Provincial Financial Services Authority in conducting supervision in coordination with the Central Financial Services Authority in supervising Jiwasraya insurance because the head office of Jiwasraya Insurance is in Jakarta. Therefore, in its implementation, the Financial Services Authority's supervision of Jiwasraya insurance in the regions is carried out through the Jiwasraya Insurance head office.

The Jiwasraya Insurance Office submits a report to the Financial Services Authority every 3 months. If the report has been audited by the Financial Services Authority, then the results of the audit are submitted back to the Jiwasraya Insurance head office to be followed up by the Life Insurance before taking action, because in principle, if there is a deviation, the settlement will be submitted to the financial services business actor for repairs.

In carrying out the supervisory duties of the Financial Services Authority on Jiwasraya Insurance, it is carried out in coordination with the Jiwasraya Insurance head office in Jakarta, where the Financial Services Authority carries out a supervisory function in the form of supervision and examination of reports of financial service entrepreneurs, both financial reports accompanied by other reports such as complaints. consumers who are recapitulated by Asuransi Jiwasraya Headquarters from all regions and branch offices.

Based on this, the Financial Services Authority only carries out supervision and examination of reports that have been recapitulated from all branch offices and regional offices of the concerned financial services business actor, while for branch offices and regional offices, the Financial Services Authority does not carry out direct supervision. The aim is for the sake of effectiveness and efficiency in carrying out supervision and inspection.

## E. Conclusion

The implementation of supervision by the Financial Services Authority in the investment sector in the banking industry by insurance companies still has weaknesses such as the limited supervision held by the Financial Services Authority at the regional level which does not carry out direct supervision, so the central level Financial Services Authority only carries out supervision and examination of reports which has been recapitulated from all branch offices and regional offices of the concerned financial services business actor. Such supervision has the potential for unrecognizing violations of investment in the banking industry by insurance companies, as happened in the Jiwasraya case.

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