Analysis of the Impact of the Formation of a Holding Company for Private Insurance Companies in Indonesia

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ABSTRACT
BUMN holding, including BUMN holding in the insurance and guarantee sector, is a form of corporate restructuring to improve company performance through the consolidation of several BUMNs. Holding in the insurance and guarantee sector was formed based on Government Regulation Number 20 of 2020 concerning Additional State Capital Participation in the Share Capital of the Company PT Bahana Pembinaan Usaha Indonesia which stipulates PT Bahana Pembinaan Usaha Indonesia as the holding company. The problem in this research is how the legal regulation of BUMN holding in the insurance and guarantee sector is in the national legal system in Indonesia and what are the responsibilities of BUMN holding in the insurance and guarantee sector towards its subsidiaries. Based on the research results, it can be seen that the background to the establishment of BUMN holding in the insurance and guarantee sector is based on juridical factors, namely in Law Number 19 of 2003 concerning State-Owned Enterprises, Law Number 40 of 2007 concerning Limited Liability Companies, and Government Regulation Number 20 of 2020 concerning Additional State Capital Participation in the Share Capital of the Limited Liability Company PT Bahana Pembinaan Usaha Indonesia.
INTRODUCTION

The formation of BUMN Holding also has several obstacles, namely: government and politician interference which can reduce and harm the performance of BUMN, low competitive spirit of several BUMNs, limited funds to finance business development, and lack of cooperation. Based on this, the Indonesian Government formed Holding Companies in several sectors, namely: Holding BUMN in the fertilizer sector, cement sector, plantation sector, forestry sector, mining sector, energy sector (oil and gas), pharmaceutical sector, tourism sector, insurance and lending sectors.

One type of BUMN business in the form of a holding company is the Indonesia Financial Group (IFG). IFG has officially become a holding company for state-owned insurance and guarantee companies referring to Government Regulation (PP) Number 20 of 2020 concerning the addition of state capital participation to the share capital of PT Bahana Pembinaan Usaha Indonesia (BPUI), which is now IFG. IFG has nine holding members, namely: PT Asuransi Kredit Indonesia (Askrindo), PT Guarantee Credit Indonesia (Jamkrindo), PT Jasa Raharja, PT Asuransi Jasa Indonesia (Jasindo), PT Bahana Sekuritas, PT Bahana TCW Investment Management, PT Bahana Artha Ventura, PT Grahaniga Tata Utama, PT Bahana Kapital Invest. The problems in holding companies in the insurance and guarantee sector arise because there is unhealthy competition between players in the financial services industry. This is also influenced by the lack of professional financial management.

Apart from that, in terms of supervision, authority must also continue to be improved. So that more insurance companies do not fall into losses and have the potential to harm the public. There is a risk management competency aspect of IFG as a state-owned holding company in the insurance sector and guaranteeing subsidiaries in the general insurance sector. Because of this, in order to strengthen the risk management of its subsidiaries, IFG recruited many actuaries to be placed in its subsidiaries. At the board of directors’ level, IFG is also working to strengthen the actuarial, risk management and underwriting aspects. Strengthening risk management is important, especially because general insurance is now not only playing with traditional products, but has also expanded into credit insurance. In contrast to the risk of death which has a pattern so it is easier to handle, the risk in credit insurance is very sensitive to many factors and is not easy to handle. The formation of an insurance and guarantee holding company also has the aim of saving the problematic state-owned insurance company, namely PT Asuransi Jiwasraya.

The PT Asuransi Jiwasraya case arose because PT Asuransi Jiwasraya was unable to pay policy claims from customers that were due. As a result of the problems faced by PT Asuransi Jiwasraya, a new company was formed to accommodate the policy claim debts of PT Asuransi Jiwasraya customers, called IFG Life, which became one of the subsidiaries of the BUMN holding company in the insurance and guarantee sector. IFG Life received an injection of funds from its parent company, namely PT Bahana Pembinaan Usaha Indonesia. These funds were used to pay customer policy claim debts resulting from the PT Asuransi Jiwasraya case. The government continues to strive to build and ensure productive cooperative relationships and harmonious partnerships in
State-Owned Enterprises (BUMN). This will result in BUMN being stronger and growing better. The formation of a holding company is one of the most effective ways to synergize BUMN.

LITERATURE REVIEW
Within the BUMN holding platform, there will be synergy between subsidiaries through coordination, control and management carried out by the parent company. This synergy will result in strengthening finances, assets and business prospects. BUMN is an important pillar of the national economy. The successful formation of the BUMN holding, including the insurance and guarantee holding which is now called IFG, gives great hope for the progress of the nation and state.

METHODOLOGY
This type of research is normative juridical research, because this research uses a type of legal research with normative juridical methods, namely doctrinaire legal research which refers to legal norms. This research is descriptive in nature. Descriptive means that this research is to obtain a complete and clear picture of the problems discussed.

RESULT AND DISCUSSION
In its development, many large companies are run in the form of group companies. Most of the holding companies found today in Indonesia are in the form of Limited Liability Companies (PT). Because of this, holding companies in Indonesia follow the rules of Law no. 40 of 2007 which is the Limited Liability Company (PT) Law. The terms and conditions for establishing a company are stated in Law no. 40 of 2007 concerning Limited Liability Companies also applies to the establishment of holding companies. Various experts and practitioners in the field of corporate parenting strategy in various countries assess that of the various things identified as values formed through corporate parenting strategy, the two most important things in increasing value creation are financial profits and strategy development.

This also shows that the formation of a BUMN holding can encourage companies included in the holding to gain financial benefits. Various experts and practitioners in the field of corporate parenting strategy in various countries assess that of the various things identified as destroying value in implementing corporate parenting strategy, the two most important things in value destruction are lack of competence and expertise and inefficient processes.

This is a challenge for management at the company level to maximize the formation of holding as a strategy for value creation, not value destruction. There are several obstacles from both internal and external factors in the restructuring and development of BUMN businesses, which can make BUMN business performance in Indonesia not optimal or in other words inefficient, namely including: BUMN synergy problems (the parent company's ineffectiveness in managing subsidiaries or cooperation in between parent
companies), capacity and capability management, external problems related to regulations, value chain management and down streaming that is not yet comprehensive, thinking that is still bureaucratic and short-term, uneven business distribution and business competition, regulations, communication and information that are not yet aligned. So, when there is a debt from a subsidiary (subsidiary company), the holding company (parent company) is also responsible for settling the debt. As policy implementers, BUMN has a very important role in national growth. Many developing countries still adhere to the principle that the state should maintain control over BUMN in strategic sectors.

The importance of the state controlling strategic sectors through its BUMN is due to the view that the state is considered a locomotive for economic growth, especially through physical development. Several restructuring policies in the context of restructuring BUMN have been carried out state, including BUMN privatization policies. Nowadays, it shows that the trend of privatization is increasing and increasingly involving large-scale BUMN. Since the establishment of the Ministry of BUMN at the beginning of reform, the management of BUMN has been the responsibility of the Ministry of BUMN.

Seeing the current situation where the role of BUMN is increasing in the economy and the current state of Indonesian BUMN, steps to improve BUMN in Indonesia in order to add added value to the nation can be made a priority that must be taken. In order to generate synergy and maximize the performance of state-owned companies in the insurance and guarantee sector, the government has formed a holding company. Holding BUMN in the insurance and guarantee sector is expected to be one of the drivers of the financial industry in Indonesia and can contribute to the development of the national economy. In 2020, based on Government Regulation no. 20 of 2020 dated March 16 2020, PT Bahana Pembinaan Usaha Indonesia (Persero), which was later called the Indonesia Financial Group (IFG), officially became a State-Owned Enterprise (BUMN) Insurance and Guarantee Holding. IFG plays an important role in moving the financial industry in Indonesia.

The government forms Holding BUMN in the insurance and guarantee sector, namely the Indonesia Financial Group (IFG). The members of the BUMN Holding in the insurance and guarantee sector are PT Asuransi Kredit Indonesia (Askrindo), PT Guarantee Credit Indonesia (Jamkrindo), PT Jasa Raharja, PT Asuransi Jasa Indonesia ( Jasindo), PT Asuransi Jiwa IFG (IFG Life), PT Bahana Sekuritas, PT Bahana TCW Investment Management, PT Bahana Artha Ventura, PT Grahania Tata Utama and PT Bahana Kapital Investa. Based on Article 1 of Government Regulation Number 20 of 2020 dated 17 March 2020 concerning Additional Capital Participation of the Republic of Indonesia into the Share Capital of the Company (Persero) PT Bahana Pembinaan Usaha, the Republic of Indonesia has made additional capital participation into the share capital of the Company (Persero) PT Bahana Indonesian Business Development.

The main objective of establishing this holding itself is to act as a development agent and strengthen the image of state-owned insurance
managers in the eyes of the public, and help to enlarge the financial balance of holding members. The concept of a group company is that the parent company controls its subsidiaries within the company's jurisdiction. The legal relationship that exists between IFG as the parent company and its subsidiaries is that of shareholders where IFG has control over the subsidiaries. PT Bahana Pembinaan Usaha Indonesia is a BUMN whose majority shares are owned by the state. The state invested capital in PT Bahana Pembinaan Usaha Indonesia as the parent company.

Then, state-owned subsidiaries in the insurance and guarantee sector, such as PT Asuransi Kredit Indonesia, PT Guarantee Credit Indonesia, PT Jasa Raharja, and PT Asuransi Jasa Indonesia, which initially used to have the majority of shares owned by the state, are now considered capital participation from PT Bahana Pembinaan Indonesian Business.

This happened because there had been a change in form to become a Holding Company. Dwiwarna shares or Series A shares or in other terms, golden shares, are shareholders who have more rights than other shareholders, also known as special shares. Based on PP no. 72 of 2016 The government is required to own shares with special rights. The privileges regulated in the articles of association are the right to:

1. Approve the appointment of members of the Board of Directors and members of the Board of Commissioners
2. Approve changes to the articles of association
3. Approve changes to the share ownership structure, merger, consolidation, separation and dissolution, as well as takeover of the company by another company. There are several responsibilities of IFG as a holding company, including: In the strategic aspect, IFG is expected to be able to produce plans and policies that can achieve appropriate strategies and can be implemented with a level of achievement of IFG's hopes and objectives. In the financial aspect, IFG will support and carry out reviews and review the capital needs of holding members, carry out monitoring so that they can make measurements over time that show movement towards goals and assess the use of funds. This is done so that state capital participation in IFG can be distributed in the right amount, time and target. In terms of risk management and operational aspects, IFG will ensure that all business fields carried out by holding members run on the basis of good management governance, avoid market share struggles and pricing wars, and focus on developing products and marketing that are interconnected between sub-systems, and maximum operations with shared services. Holding BUMN in the insurance and guarantee sector also received tasks from the government, such as in order to implement Government Guarantees for economic recovery from the impact of Covid19, PT Jamkrindo and PT Askrindo were assigned to provide guarantees based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 71/PMK.08/2020 concerning Guarantee Procedures creating new value in the world of insurance, increasing stability, stability and national
financial inclusion, creating a strong and world-class state-owned insurance company, the Government through a Guarantee Business Entity Appointed for the Implementation of the National Economic Recovery Program. The parent company is also responsible for the subsidiary's actions which result in legal liability. One of the objectives of establishing an insurance and guarantee holding company is to save the problematic insurance BUMN, namely PT Asuransi Jiwasraya. The PT Asuransi Jiwasyara case arose because PT Asuransi Jiwasraya was unable to pay policy claims from customers that were due. Due to these problems, a new company was formed to accommodate the policy claim debts of PT Asuransi Jiwasraya customers, which became a subsidiary of the BUMN holding company in the insurance and guarantee sector. The new subsidiary is called IFG Life. IFG Life was given an injection of funds originating from its parent company, namely PT Bahana Indonesian Business Development. These funds will be used to pay customer policy claim debts resulting from the PT Asuransi Jiwasraya case. It is hoped that the formation of the IFG can realize cooperation towards a good shared vision of the holding members. Before the holding was formed, there were overlapping businesses between the holding members, such as Askrindo, Jamkrindo, and Jasindo, which both operated in the credit sector. This causes aggressive and unhealthy competition between state-owned companies. IFG has reviewed the technical aspects of aligning business portfolios so that there is no overlap in subsidiary business portfolios. On the other hand, the issue of price competition in the general insurance industry due to intense business competition is also a concern for IFG. In order to prevent price competition in its subsidiaries, IFG is improving governance by strengthening the actuarial and risk management functions in the pricing model.

CONCLUSIONS AND RECOMMENDATIONS

A holding company or holding company is a company that has very large shares in other companies (subsidiaries). The holding company as a shareholder has rights as per the rights of shareholders regulated under Law Number 40 of 2007. IFG is a company formed by the government to be the holding company of BUMN in the insurance and guarantee sector. IFG has officially become the holding company for BUMN in the insurance and guarantee sector, referring to Government Regulation (PP) Number 20 of 2020 concerning Additional State Capital Participation in the Share Capital of PT Bahana Pembinaan Usaha Indonesia (BPUI), which is now IFG. The formation of IFG as a holding company aims to increase access to useful and affordable financial products and services to meet the needs of society and its businesses and to make changes to create an inclusive and sustainable financial industry environment.

The relationship between the Holding Company (parent company) and the Subsidiary Company (subsidiary) does not eliminate the juridical
recognition of the status of the parent and subsidiary legal entities as independent legal subjects. In addition, the parent company obtains protection in the form of limited liability based on Law no. 40 of 2007 concerning Limited Liability Companies so that the parent company is only responsible for the value of the shares paid up for the subsidiary’s inability to settle all legal responsibilities to third parties. IFG as the central leader of the group company has the right to control and coordinate the subsidiaries to dominate or influence the business activities of the subsidiaries in supporting the collective goals of the group company as an economic unit. IFG as a holding company is responsible for optimizing the strengths of each subsidiary in order to maintain the company's finances.

FURTHER RESEARCH

This research still has limitations so further research needs to be done on this topic “Analysis of the Impact of the Formation of a Holding Company for Private Insurance Companies in Indonesia”.
REFERENCES


