

Implications of Sharia Insurance Bankruptcy on Policyholder Legal Protection (*Juridical Analysis of Supreme Court Decision Number 1016/Pdt.Sus-Pailit/2016*)

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Abstract

Purpose: This article aims to analyse the bankruptcy of PT Asuransi Syariah Mubarakah by describing the profound legal implications for the regulation and protection of policyholders. It outlines the basic concepts of insolvency, the role of the courts, the conditions of insolvency and the legal consequences of bankruptcy status. The article combines bankruptcy law, the assessment of facts in court and the legal consequences of bankruptcy status in a comprehensive analytical framework. *Methodology:* The method of discussion of this research includes legal review, doctrinal legal analysis, review of judges' considerations (*ratio decidendi*) related to bankruptcy regulations. The results of the analysis of the judge's considerations study will be used as a basis for understanding the impact of the bankruptcy of Sharia insurance companies on the protection of consumers (policyholders), so that the conclusion of the research can provide a comprehensive and in-depth picture of the legal consequences and implications and projections of the bankruptcy of Sharia insurance companies on the losses of policyholders..

Applications/Originality/Value: The Shari'ah Insurance Bankruptcy Study concluded that financial management, solvency and consumer protection are three legal values that must be maintained not only for the survival of an insurance company, but also because of its systemic impact on policyholders. The application of Shari'ah principles in the management of insurance companies indicates improved consumer protection regulations and the company's responsibility towards its policyholders. The legal protection of policyholders is closely linked to three key concepts: compliance, policyholder confidence and consumer redress.

Keywords: Sharia Insurance Insolvency, Juridical Implications, Policyholder Protection.

Introduction

This research examines the complex issues surrounding the legal analysis of the bankruptcy of a Sharia insurance company, focusing on the Supreme Court decision No. 1016/Pdt.Sus-Pailit/2016 involving PT. Mubarakah Sharia Insurance (ASM). This case has been in the spotlight due to its complexity in the context of business and insurance law (Niken Oetari Probawat, 2022).

Bankruptcy dispute between Asuransi Syariah Mubarakah and the Financial Services Authority (DK OJK) regarding the bankruptcy status of Asuransi Syariah Mubarakah. A significant consequence of this decision was the appointment of a receiver by the Central Jakarta Commercial Court to manage the assets of the company declared bankrupt. In addition, the decision pays special attention to the policyholders of Mubarakah Sharia Insurance, recognising them as preferential creditors along with other creditors in the bankruptcy proceedings (Sari Sigalingging et al., 2022).

It is important to understand that the Supreme Court ruling in the Mubarakah Sharia Insurance case places emphasis on the protection of policyholders. Policyholders, as beneficiaries of insurance policies issued by Asuransi Syariah Mubarakah, are recognised as creditors to be protected in bankruptcy proceedings (Verayanthi & Kurniawan, 2021).

However, it should be noted that the judgment does not provide a detailed analysis of the legal consequences in a comprehensive manner. Therefore, this study intends to further investigate the more detailed legal consequences of the bankruptcy of Islamic insurance companies. An in-depth analysis will be conducted by detailing the applicable legal context and the relevant regulations in this type of case (Yuliastuti & Palupi, 2023).

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Thus, in addition to providing an overview of the Supreme Court's decision, this research aims to fill a gap in the in-depth legal analysis of the impact of Islamic insurance company insolvency and its legal implications on the application of existing bankruptcy regulations (Alam et al., 2022).

The basic concept of bankruptcy in Indonesia includes the nature of the law, which is regulated by the Bankruptcy Law No. 37 of 2004. The main legal basis for assessing the insolvency status of a company is the law, which regulates related processes such as filing for bankruptcy, protection of creditors' rights and procedures for managing the assets of a bankrupt company. The court, as the institution with authority in bankruptcy matters, uses the law as the main basis for assessing and deciding bankruptcy cases (Alwi, 2021).

Judicial proceedings, especially in the context of bankruptcy, involve an assessment of the facts presented in court. The Supreme Court, as the highest authority, not only refers to the Bankruptcy Act, but may also refer to relevant legal doctrines. In certain cases, the court may use the legal bases listed in other relevant regulations, as well as evidence or facts presented at trial.

Bankruptcy is a legal event, namely the inability of the debtor to pay its debts. This can include the inability to pay debts that are uncollectable or overdue. Another condition is the existence of more than two creditors. The legal norms in the provisions of Article 3(1) of Law No. 37 of 2004 expressly state that the procedures and jurisdiction related to the filing and handling of bankruptcy cases are determined by the court based on the jurisdiction where the debtor's registered office is located. This provision shows the importance of handling bankruptcy cases in courts that have territorial jurisdiction over the debtor's place of business. Meanwhile, Article 8(4) of Law No. 37 of 2004 confirms that the requirements for the declaration of bankruptcy must be based on simple and proven circumstances and facts, as described in Article 2(1) of Law No. 37 of 2004 (Simatupang, 2022)

Thus, the applicant must provide sufficient evidence of the debtor's financial situation. In addition, Article 2(5) and Article 1(6) of Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations contain special provisions regarding the filing of bankruptcy declarations for special entities, such as companies or sectors operating in the field of public interest, i.e. insurance companies, reinsurance companies, pension funds. Only the Minister of Finance has the power to file for bankruptcy. This indicates the special role of the Ministry of Finance in dealing with the systemic impact of the insolvency of an insurance company so that it does not have a significant knock-on effect. Thus, these two articles underline the importance of government regulation and involvement in bankruptcy cases related to entities that play an important role in public life (Rizki et al., 2022).

The legal consequences of bankruptcy include the process of liquidating the company's assets in order to meet its obligations to creditors. Under the supervision of a judge, the debtor's assets are managed by a liquidator. The aim of the process is to reach an agreement between the debtor and its creditors, so that the assets are distributed fairly among the creditors. The overall concept of bankruptcy provides a framework for the legal analysis of court decisions, which includes the application of bankruptcy law, the consideration of the facts of the case and the legal consequences of bankruptcy status (Iip Harnoto Prayogo, 2023).

Method

The method used to examine the impact of the bankruptcy of Shariah insurance companies, particularly those that focus on the Supreme Court decision number 1016/Pdt.Sus-Pailit/2016 involving PT. Asuransi Syariah Mubarakah (ASM), this research will employ a number of holistic methods of analysis. Firstly, a literature review will be conducted to gain an in-depth understanding of the legal context of the Islamic insurance industry and to examine previous research relevant to Islamic insurance company insolvency.

In addition, a legal document analysis approach will be used to collect and examine key documents, including Supreme Court decisions, Commercial Court decisions and other official documents related to the Mubarakah Sharia Insurance case. This step will contribute to a deeper understanding of the legal basis and considerations underlying the Supreme Court decision.

The research will also include an in-depth case study of the Mubarakah Sharia Insurance bankruptcy case, detailing the chronology of events, the legal arguments raised and the reasoning behind the Supreme Court's decision, in order to gain valuable insight into the impact of this ruling and the legal implications that may arise.

In addition, the analysis will include an examination of the applicable insolvency rules in the context of Sharia insurance and an examination of regulatory policies that may influence or be influenced by the Supreme Court's decisions. The research will also compare this decision with other Islamic insurer insolvency cases, if any, to gain a broader perspective.

By combining these methods, this research is expected to provide a comprehensive and in-depth picture of the legal consequences and legal implications of the bankruptcy of Sharia insurance companies, especially in the context of the Mubarakah Sharia Insurance case.

Results and Discussion

Position Case

The bankruptcy dispute between PT. Asuransi Mubarakah Syariah (ASM) with the Financial Services Authority (FSA) began when an insurance company was established based on a decree ratified by the Minister of Justice by decree no: C2-7227. HT.01.01.YEAR 1994 dated 5 May 1994. The operating licence was granted by the Decree of the Minister of Finance of the Republic of Indonesia No. 579/KMK.017/1997 dated 13th November 1997. Since the company was declared bankrupt, the Ministry of Finance issued a licence revocation through Decree No: KEP779/KM.10/2012 signed by the Chairman of the Capital Market and Financial Institutions Supervisory Agency on behalf of the Minister of Finance of the Republic of Indonesia (Agustin et al., 2021).

The focus of the study is the Supreme Court decision number 1016 / Pdt.Sus-Bankruptcy / 2016 PT. Mubarakah Syariah Insurance Company was declared bankrupt and its association with large losses and inability to pay its obligations to customers. Some possible causes of a Sharia insurance company going bankrupt, as in this case, are significant losses, as in the case of PT. Sharia Mubarakah insurance can threaten the financial stability of a company. This may be due to a number of factors, including poor risk management, poor investment or inaccurate estimation of potential losses (Fatoni & Gultom, 2023),

Sharia insurance companies have obligations to their customers in relation to claims made. If the company does not have enough money to pay this obligation, it can lead to bankruptcy if it has serious financial problems. The presence of two or more creditors (parties with claims against the company) can further complicate the company's financial position. Competition between creditors and failure to settle debts can speed up the process of bankruptcy (Bintoro et al., 2022).

In this context, maintaining a balance between premium income and investments with receivables and debt payment obligations is key to maintaining financial stability. Sharia-compliant insurance companies must have a good risk management system, strong financial supervision and mechanisms to ensure that sufficient funds are available to meet their obligations to customers and creditors. Risk awareness and management are key to maintaining the continuity of the Shariah insurance business.

The judge's consideration in the examination of bankruptcy disputes by the general judicial body is determined by the formal validity of the facts of the case, referring to Article 164 HIR / Article 284 RBg / Article 1866 of the Civil Code, namely written evidence, evidence with witnesses, allegations, confessions and oaths. Therefore, it would be better to avoid unreasonable assumptions or conclusions.

The bankruptcy process is underway because PT. Asuransi Syariah Mubarakah (ASM) does not accept the Financial Services Authority's decision to revoke its business licence for failing to pay at least one overdue debt that already has two or more creditors under Article 2(1) of Law No. 37 of 2004 on the Suspension of Debt Payment Obligations (PKPU) and Bankruptcy. This argument is also based on Government Regulation No. 81 of 2008 on Failure to Meet Solvency Levels and Risk of Loss Due to Deviation in Asset Management (Saputra et al., 2021).

The basis for PT Asuransi Syariah Mubarakah's lawsuit is partly that the Central Jakarta Commercial Court misapplied the law because the inability to pay debts is related to the state administration dispute, which has nothing to do with Asuransi Syariah Mubarakah's bankruptcy case. This means that there is a fundamental difference of opinion regarding the incorrect facts according to PT Asuransi Syariah Mubarakah in light of the *Judex Facti* decision of the Commercial Court. The dispute between the bankruptcy case of Mubarakah Sharia Insurance and the state administration dispute has also become a point of debate, and objections are being raised by the cassation petitioner regarding legal considerations that are considered inappropriate.

In order to analyse the essential facts considered by judges, the author uses the theory of judges' consideration coherence to analyse the judge's considerations, namely checking the harmony between constitutions, qualifiers and constituents.

1. Constatic Stage

The judge's legal arguments in the judgment reflect the complex legal debate surrounding PT. Mubarakah Sharia Insurance. The dispute was triggered by PT Asuransi Syariah Mubarakah's argument that the Commercial Court judge did not correctly apply Article 8(4) of Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations in the case. On the other hand, OJK, as the party that issued the licence revocation and filed the lawsuit with the Jakarta Commercial Court so that PT Asuransi Syariah Mubarakah would be declared bankrupt immediately so as not to cause systemic effects, argued that the reason for PT ASM's cassation was born from a narrow interpretation of the law (Isman, 2021).

There are conflicting views on the understanding of Article 8(4) of Law No. 37 of 2004 mentioned above, because there are claims that the bankruptcy petition has complied with the provisions of Article 2(1), but the party who filed the cassation argued that the application of the law is inappropriate because proving the existence of the debt is not easy. In this case, jurisprudence number 704 K / Pdt.Sus / 2012 is used as a basis to show that bankruptcy declarations require proof that is not simple (Fedriyanti et al., 2021)

Other arguments indicate that the different characteristics of Islamic insurance in the estimation of premiums compared to conventional insurance are one of the points of debate. The cassation respondent stated that the insurance claim submitted cannot be considered directly binding and must undergo a detailed follow-up verification of the data and value of the claim. Therefore, it is affirmed that further assessment is required before making decisions regarding insolvency.

Overall, the cassation data reflect the complexity of legal debates involving interpretation of articles, conflicting views and the need for further analysis of insurance claims. This highlights the complexity of the constellation stage in the judicial system, where evidence, legal understanding and factual analysis become essential in determining the validity of previous court decisions.

There are several facts that are the subject of legal debate regarding the bankruptcy case of PT. Asuransi Syariah Mubarakah, the first being whether the Judex Facti (Commercial Court) correctly implemented the Bankruptcy and Suspension of Debt Payment Obligations (PKPU) in Article 8(4) of Law No. 37 of 2004. The cassation respondent argued that the narrow and erroneous interpretation of the article led to an error in the assessment of the bankruptcy petition. According to the Financial Services Authority and Judex Facti, the understanding of Article 8(4) of Law No. 37 of 2004 is as follows Although the cassation petitioners argued that the bankruptcy petition complied with the provisions of Article 2(1), they also stated that the application of the law was inappropriate because it was not easy to prove the existence of the debt.

Jurisdiction number 704 K / Pdt.Sus / 2012 as a legal basis to show that the declaration of bankruptcy requires proof that is not simple. This shows that the previous case has become an important reference for understanding the legal provisions applied.

The nature of Islamic insurance, which differs from conventional insurance in terms of premium calculation, is a point of debate. The cassation respondent argues that the insurance claim submitted cannot be considered directly binding and needs to go through detailed examination and further verification of the data and value of the claim.

The overall argument reflects the need for further analysis in relation to insurance claims. The cassation respondent emphasised the need for further assessment before making a decision on insolvency, as shown in **Table 1**.

Tabel. 1. Constatation Stage

NO.	Legal Facts (consstatir)	Legal Norms
1.	Debate related to the application of Article 8 paragraph (4) of Law No. 37 of 2004 by Judex Facti (Commercial Court).	Article 8 paragraph (4) of Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations.
2.	Claims about narrow and erroneous interpretations of Article 8 paragraph (4) result in errors in assessing bankruptcy applications.	-

3.	Claims that the bankruptcy application has complied with statutory provisions.	Article 2 paragraph (1) of Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations.
4.	The claim that the application of the law is inappropriate because it proves the existence of debt is not simple.	Jurisprudence Number 704 K / Pdt.Sus / 2012 as a legal basis to show that bankruptcy declaration requires proof that is not simple.
5.	Claims of the nature of sharia insurance are different in premium calculation with conventional insurance.	Jurisprudence No. 704 K/Pdt.Sus/2012.
6.	Insurance claims must go through detailed checks and further verification of claim data and values.	-
7.	Claims that further judgment is required before making decisions regarding insolvency.	-

Thus, the constitutional stage in this case reflects the complexity of the legal debates, involving the interpretation of articles, conflicting arguments, for further analysis of the judge's legal reasoning through what essential facts influence his legal conclusions in the final decision.

2. *Qualify Stage*

The qualification stage is the judge's evaluative activity in assessing whether actual legal events have occurred, i.e. when and how rights and obligations arise and cease to exist, including the legal relationships between legal events, legal facts and legal discoveries. In other words, qualifying means grouping or classifying these events into certain categories relevant to bankruptcy litigation (Wetmen Sinaga, 2022).

There are a number of conditions at this stage, namely if the legal events are clear and the legal norms are clear, then the qualification of the legal facts becomes easier. If, on the other hand, the facts are unclear or ambiguous, then the judge must not only sort out the facts, but must also find the law, while not contradicting the entire legal system and in accordance with the sense of justice required by the justice-seeker.

According to the quality review at this stage, the judge should be able to identify the legal relationship, determine the nature of the legal event that has occurred and look for relevant laws to deal with the situation. In other words, qualifiers involve the process of classifying concrete events within an applicable legal framework.

The bankruptcy dispute of PT. Asuransi Syariah Mubarakah (ASM), there are three conflicting statements from the parties to the dispute, namely the Cassation Respondent (bankruptcy petitioner), the Cassation Petitioner (bankruptcy respondent) and the Commercial Court at the Central Jakarta District Court (Judex Facti). The judge must analyse the arguments presented by each side in order to assess the quality of the facts of the case.

Pursuant to Article 2(1) of Law No 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations, the Board of Commissioners of the Financial Services Authority proposes that PT. Mubarakah Sharia Insurance has two or more creditors and has not paid at least one overdue debt. In addition, the discrepancy in the level of solvency and the risk of loss due to discrepancies in asset management, which is regulated by Government Regulation No. 81 of 2008.

However, PT. Asuransi Syariah Mubarakah appealed the Commercial Court's decision, claiming that the court misapplied the law by including a State Administration dispute in a bankruptcy petition, which was deemed irrelevant to the case. They refer to the state administration dispute relating to the revocation of PT. Bumi Asih Jaya Life Insurance as an example of irrelevance.

Finally, the Central Jakarta Commercial Court cited a number of legal events as the basis for its legal reasoning. First, PT ASM has not paid the debts of more than two creditors and has not paid the overdue debts. Secondly, this fact is not disputed by PT. Mubarakah Sharia Insurance, so the Commercial Court concluded that the bankruptcy petition met the requirements of the law. The focus of the judge's assessment was a legal event presented by OJK that there were two creditors who were due for debt payments, but this fact was not disputed, so the legal event was the main basis of the Commercial Court judge's legal reasoning to condemn PT. ASM. Thirdly, the judge of the Commercial Court also qualified, with deductive reasoning based on the norms of PP No. 81 of 2008 concerning insurance business, that the inability to meet

the solvency level was also caused by PT ASM's error in carrying out unprofessional asset and financial management (Isman, 2020).

The judge qualifies specific events by relating them to bankruptcy law. This classification is based on clear legal provisions, such as Article 2(1) of Law No. 37 of 2004. The judge identified the event as part of a group of legal events related to the inability to pay debts that could lead to bankruptcy. The judge referred to the provisions of the Bankruptcy Act, namely Article 2(1) of Act No. 37 of 2004. The judge also considered Government Regulation No. 81 of 2008 on solvency and risk of loss as the legal basis for the assessment of this case. The judge applied the law by considering the conformity of the facts of the case with the provisions of the Bankruptcy Law. The judge considered that the requirements for bankruptcy, i.e. having two or more creditors and not having paid in full at least one overdue debt, were met, as shown in **Table 2**.

Table 2. Quality Stage

No.	Legal Facts (Qualified)	Legal Norms
1.	The Board of Commissioners of the Financial Services Authority (OJK) stated that PT. Mubarakah Sharia Insurance has two or more creditors and does not pay in full at least one overdue debt.	- Article 2 paragraph 1 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations.
2.	The non-fulfillment of the level of solvency and the risk of loss as a result of deviations in wealth management, refer to Government Regulation Number 81 of 2008.	- Government Regulation Number 81 of 2008 concerning Procedures for Conducting Insurance Business.
3.	The Cassation Respondent (Bankruptcy Applicant) argued that the court misapplied the law by linking the bankruptcy application with the State Administration dispute which was considered irrelevant.	-
4.	PT. Asuransi Syariah Mubarakah objected to the decision of the Commercial Court, referring to the State Administration dispute regarding the revocation of PT. Bumi Asih Jaya Life Insurance.	-
5.	The Commercial Court confirmed its decision on the grounds that the conditions of bankruptcy had been met, namely more than two creditors and non-payment of overdue debts.	- Article 2 paragraph 1 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations.
6.	These facts are not disputed by PT. Mubarakah Sharia Insurance, so the Commercial Court concluded that the bankruptcy application had fulfilled the provisions of the law.	-

The legal norms used by the judge to assess these legal events are mainly related to bankruptcy law, in particular Article 2(1) of Law No. 37 of 2004. Judges also refer to Government Regulation No. 81 of 2008 to support their assessment of solvency and risk of loss. That is, judges use bankruptcy law norms to assess the relevant legal events in the case by detailing the bankruptcy conditions and referring to solvency-related regulations as a basis for decision making.

3. *Constituir Stage*

At this stage, the judge determines the law of the case and gives justice to the parties involved in the case, both the defendant and the plaintiff. According to Sir Alfred Denning, a famous English judge, the justice given by judges was the result of their own zeal rather than their intelligence.

Judges must determine the law applicable to a particular case when hearing it, so that the decisions they make can be considered law.

The constitutional stage is a process in which judges establish appropriate legal norms for certain events and certain qualified legal facts. The method used at this stage is that if the legal norm is clear, the judge applies the rule directly in accordance with certain events. Secondly, if the norm exists but is vague, it cannot be applied directly, so the double meaning must first be resolved, including vague norms (vague norms), conflicts between legal norms (antinomy norms), based on legal discovery methods, namely legal construction, legal interpretation and heuristic methods.

The relationship between which legal facts determine the determination of legal norms can be seen in more detail in Table 3. below:

Table 3. Constituent Stage

Facts in the Constituent Assembly	Legal Norms Used
The Cassation Respondent has two or more creditors and has not paid in full at least one overdue debt.	Article 2 paragraph 1 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations.
Unfulness of solvency levels due to deviations in wealth management.	Government Regulation Number 81 of 2008.
Application of legal norms as a basis for concluding that bankruptcy requirements have been met.	Article 2 paragraph 1 and Article 8 paragraph 4 of Law Number 37 of 2004.
The association of the pailit application with the dispute of the National Effort is considered irrelevant to the subject matter.	-
The judge considered that the bankruptcy application had fulfilled the conditions stipulated in the law.	Article 2 paragraph (1) and paragraph (5) of Law Number 37 of 2004.

In the context of the bankruptcy of Sharia insurance companies, judges also have to justify and formulate new premises if the decision taken is not accepted by the legal forum. This step was taken by sticking to *ex ante* reasoning, which aims to convince the legal forum to accept the verdict and gain legitimacy. Thus, this constitutive stage involves a series of complex steps in which judges seek to establish justice and determine the law against the concrete events of the Islamic insurance bankruptcy case.

Juridical Implications

In order to determine the legal implications of PT Asuransi Syariah Mubarakah's insolvency, the insolvency parameter can be applied to the important facts found in the examination of this bankruptcy dispute. according to the judge's consideration. PT. Asuransi Syariah Mubarakah violated the bankruptcy requirements set forth in Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations. First, pursuant to Article 2(1) of the Act, PT. Mubarakah Sharia Insurance has two or more creditors and has not paid at least one overdue debt. This indicates that the company is unable to meet its debt repayment obligations (Hidayat, 2021).

Secondly, the judge emphasised that the company's solvency level was not sufficient to protect it from losses that could be caused by mismanagement of assets, as required by Government Regulation No. 81 of 2008 on Insurance Operations. This indicates that the company's financial management does not comply with the regulations, resulting in the company's inability to pay its debts.

Thirdly, the judge stated in the decision that PT. Asuransi Syariah Mubarakah has more than two creditors and has not paid more than one debt that is due and collectable. In fact, these debts have not been paid in full and are due, and PT. Mubarakah Sharia Insurance has not filed a rebuttal. This supports the court's assertion that the company meets the bankruptcy requirements set forth in Article 2(1) and (5) of Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations.

As a result, the judge ruled that PT. Mubarakah Sharia Insurance can be declared bankrupt in accordance with the applicable legal provisions.

Based on the judgment, there are several legal implications of the bankruptcy of PT Asuransi Syariah Mubarakah. These legal implications may have an impact on the Shariah insurance industry in general: First, the inability to pay debts, i.e. the judge found that PT Asuransi Syariah Mubarakah had more than two creditors and had failed to pay at least one debt that was due. As a result, the company is unable to meet its debt repayment obligations. This may serve as a warning to other Islamic insurance companies to maintain financial balance and avoid similar conditions. Secondly, if the solvency level is low and the judge also finds that the solvency level is not met, then the company is exposed to the risk of losses that may arise from deviations in asset management. Applying the legal implications, Islamic insurance companies must

be more careful in their financial management and ensure that their solvency levels meet the standards set to prevent further financial risks.

Third, cooperation with creditors, namely the judges found that PT Asuransi Syariah Mubarakah had a cooperation agreement with PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk. The application of legal implications, cooperation between Shariah insurance companies and creditors must be carefully monitored and managed to avoid adverse legal consequences. Fourth, the impact on policyholders and insurance participants, namely the bankruptcy of Sharia insurance companies may have an impact on policyholders and insurance participants who have paid premiums. The application of its legal implications, consumer protection must be considered and strictly regulated in the Islamic insurance industry to protect the interests of policyholders. Fifth, increased regulatory supervision, namely bankruptcy judgments, can increase regulatory attention to the Islamic insurance industry. By applying its legal implications, regulators can strengthen the supervision of Islamic insurance companies to prevent the recurrence of bankruptcy cases and protect the interests of consumers (Yenni et al., 2022).

With this bankruptcy ruling, it is expected that other Sharia insurance companies in the future will learn from this case to maintain financial balance, increase transparency and comply with applicable regulations in order to maintain the sustainability of their business and public trust (Lumbanraja et al., 2021).

Consumer Protection

Legal norms regarding consumer protection are contained in Law No. 40 of 2014 on Insurance, namely in a special chapter on legal protection for policyholders, namely in Chapter 1, consisting of 2 (two) articles, which states: "Insurance companies and takaful insurance companies shall participate in the Policy Guarantee Scheme". With the existence of this law, the guarantee of protection for policyholders (insured through insurance companies (insurers) is guaranteed (Syamsuddin & Putri, 2022), as in **Table 4**.

Table 4. Consumer Protection

No.	Description of Legal Protection	Juridical Implications
1	Insurance Company Participation	The obligation of insurance companies (sharia and conventional) to participate in the policy guarantee scheme.
2	Community Trust	Increased public confidence in the insurance industry as a result of the company's participation in underwriting schemes.
3	Legal Certainty	Providing legal certainty to policyholders through provisions in Law No. 40 of 2014.
4	Takaful Regulation	Regulation of the sharia insurance system (Takaful) as an effort to fulfill the principles of the compilation of sharia economic law.
5	Principles of Sharia Economic Law Compilation	Establish principles related to dispute resolution, rights and obligations of policyholders, and other relevant aspects of sharia insurance.

The legal implications of the bankruptcy of PT Asuransi Syariah Mubarakah have significant implications for the legal protection of affected insurance customers. The principles underlying Islamic insurance, such as the prohibition of usury, speculation and gambling, provide a different framework for handling these bankruptcy cases. In particular, consumer protection provisions are found in different statutory products, so that consumer protection in the event of bankruptcy is not yet harmoniously compatible with Sharia insurance (Ashfahany et al., 2023).

The specific norm is the provision of the Insurance Law (Law No. 40 of 2014), which stipulates that insurance companies and takaful shall be subject to the policy guarantee system This is the basis for the protection of policyholders (insured) through the involvement of insurance companies (insurers), affirming the importance of legal certainty for policyholders and strengthening public confidence in the insurance industry, regardless of the bankruptcy of a company (Hakim & Munir, 2023).

This means that the impact of the PT ASM bankruptcy decision mentioned above needs to be examined holistically, so that its management is not only in line with existing Shariah principles and regulations. However, in addition to

strengthening the regulatory framework that protects policyholders, the Islamic insurance industry can improve public confidence and provide legal certainty to its policyholders (Parinduri et al., 2022).

Conclusion

Based on the juridical analysis of PT Asuransi Syariah Mubarakah's bankruptcy case as revealed in the Supreme Court's ruling No. 1016/Pdt.Sus-Pailit/2016, it can be concluded, first, that PT Asuransi Syariah Mubarakah was declared bankrupt because it had met the bankruptcy requirements set forth in Law No. 37 of 2004, namely, the inability to pay overdue debts to more than two creditors. Secondly, this decision has the legal implication that inability to pay debts, low solvency and cooperation with creditors are legal conditions that allow judges to declare bankruptcy or bankruptcy judgments. This bankruptcy decision is also based on legal considerations: first, it provides legal protection for policyholders. Second, regulators are expected to strengthen supervision of Islamic insurance companies to prevent similar cases and protect the interests of consumers (policyholders). In response to these difficulties, the legal protection of Islamic insurance policyholders needs to be comprehensively reviewed. Sharia principles, as reflected in regulations such as Law No. 40 of 2014 on Insurance, and commitment to the Islamic economy are important foundations for building an adequate protection framework. By strengthening regulations and ensuring compliance with Shariah principles, the Shariah insurance industry can restore public confidence and provide legal certainty to its policyholders.

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