



ANIMAL INSURANCE OF CATTLE/BOW IN INDONESIA: REGULATION, MECHANISM AND RESPONSIBILITY

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Abstract: *Running a livestock business may pose risks such as death of animals due to death, accidents, loss/theft, natural disasters including disease outbreaks and price fluctuations. Any potential risks must be minimized to avoid losses. If the farmer cannot prevent or face the risk, he will experience a loss. Risks in cattle/buffalo farming include management, production, human resources, price, finance, loss and death risks that can cause losses. Cattle/buffalo animal insurance is included in the type of agricultural insurance regulated in the law. Number 19 of 2013 concerning Protection and Empowerment of Farmers, but still referring to the Law of the Republic of Indonesia number 40 of 2014 concerning insurance, the AUTS Program is a type of loss insurance. As an agreement between the insurer (insurance company) and the insured (cow breeder) it must be subject to the provisions of the KUHD and the Civil Code. The guidelines set out in implementing AUTS are in accordance with the provisions of insurance law, starting from the provisions of the agreement between the insurer and the insured, the object being insured, the premium to be paid by the insured, the provisions of the insurance policy made and signed by each party, to the mechanism for submitting a claim.*

Keywords: *Insurance, Farm animals, regulation*

I. INTRODUCTION

Insurance or coverage arises because of human needs, Humans are always faced with uncertain events, which may have a positive or negative impact, namely negative. The risks that can cause harm to humans make humans afraid and feel worried, so that it encourages humans to think of a way to avoid the risks or losses they will suffer. The way that humans do is by transferring the risk or loss they suffer to another party who is willing to accept the risk transfer, namely the insurance company.

Insurance development nowadays not only provide protection to humans, but animals can also be join the insurance program. Although the insurance business has long been present in the Indonesian economy, and has played a role in the course of the nation's history side by side with other economic sectors, the insurance business in agriculture, especially livestock, still sounds new in Indonesia. The animal insurance program is included in the agricultural insurance program which is regulated in Law Number 19 of 2013 concerning the Protection and Empowerment

of Farmers. The law was followed up by the Decree of the Minister of Agriculture of the Republic of Indonesia Number: 02/Kpts/SR.230/B/01/2021 concerning Guidelines for Assistance for Cattle/ Buffalo Business Insurance Premiums. The Law on the protection and empowerment of farmers is the main legal basis for realizing agricultural insurance in Indonesia. Includes insurance for considered pets has economic value, because if the threat to the animal becomes a reality, the owner of the animal will suffer a loss.

Running a livestock business may pose risks such as animal death due to death, accident, loss/theft, natural disaster including disease outbreak and price fluctuation . Any potential risks must be minimized to avoid losses. If the farmer cannot prevent or face the risk, he will experience a loss . Risks in cattle /buffalo farming include the risks of management, production, human resources, prices, finances, loss, to the death of livestock that can cause losses. ¹The government's effort to provide protection to cattle breeders from the risk of death and/or loss of cattle, is made Cattle Livestock Insurance (AUTS). If the threat of loss becomes a reality for the cow due to disease, calving and an accident and/or loss, the loss will be transferred to the insurance company.

Livestock business is a very profitable asset, especially animals such as cows, buffalo, goats, because there are so many benefits that are produced by animals that have helped humans for thousands of years, such as milk, meat, leather which can be used as commodities, therefore it must be the cause the main reason why insurance companies release products for livestock protection insurance, especially for food companies that have livestock to source their products, so that their best assets avoid the worst risks, Of course, buying livestock insurance products is one easy solution to avoid the risk of loss from livestock business, either farms from food companies or farms that supply livestock products to craftsmen for souvenirs.

II. DISCUSSION

Cattle/ Buffalo Animal Insurance Arrangements According to Positive Law in Indonesia

Based on Article 246 of the Commercial Code (KUHD), insurance or coverage is an agreement, by which an insurer binds himself to an insured, by receiving a premium, to compensate him for a loss, damage or loss of expected profit. , which he may suffer due to an unspecified event. Furthermore, it is stated that the types of coverage include fire hazards, dangers that threaten unharvested agricultural products, lives, one or several people, marine materials and slavery, dangers that threaten transportation on land, in rivers and in inland waters.

According to the Law of the Republic of Indonesia number 40 of 2014 concerning insurance, insurance is an agreement between two parties, namely the insurance company and the policy holder, which is the basis for receiving premiums by the insurance company in return for:

¹ Yusdja, Y. (2005). The economic policy of the dairy agribusiness industry in Indonesia.

- a. provide compensation to the insured or policy holder due to loss, damage, costs incurred, loss of profit, or legal liability to third parties that may be suffered by the insured or policy holder due to the occurrence of an uncertain event; or
- b. provide payments based on the death of the insured or payments based on the life of the insured with benefits whose amount has been determined and/or based on the results of fund management.

The meaning and element in the definition of Insurance is an agreement between two parties, namely the insurance company and the policy holder. So the key word in this case is insurance as an agreement.² Cattle/Buffalo Business Insurance (AUTS/K) is an agreement between the insurance company as the insurer and the farmer as the insured where by receiving an insurance premium, the insurance company will provide compensation to the farmer because the cow/buffalo died due to disease, accident and giving birth, and/or or loss according to the terms and conditions of the insurance policy.³ Based on this understanding, it can be understood that cow insurance is an agreement. As an agreement, the provisions of the legal terms of the agreement follow the provisions of the Civil Code (KUH Perdata), as we know that the agreement is stated in the Civil Code in Book III, in article 1320 the agreement must meet the elements agreed, capable, certain, and lawful so that the agreement is said to be valid if it fulfills these elements, which when the agreement occurs, there is an agreement between the insurance company and the insured so that the rights and obligations of each party arise, namely between the insurance company and the cattle breeder. which must have written evidence of the occurrence of an insurance agreement and signed by the farmer. ⁴If referring to Article 255 of the KUHD, an insurance agreement made and signed by both parties in writing in the form of a deed is called a policy.

In Article 268 of the KUHD, insurance can be related to all kinds of interests that can be valued in money, are threatened with danger, and are not excluded by law. the meaning of not being excluded by law is that the object of insurance is not prohibited by law, does not interfere with public order, and does not conflict with decency. Considering that the insured object is the insured, the insured and the insurance object must have a clear relationship either directly or indirectly. The insured must be able to prove that the object of insurance really belongs to him or has an interest in the object. According to Article 599 of the KUHD, those who are deemed to have no interest are people who insure goods which are prohibited by law from being traded and ships carrying goods are prohibited. If the object is insured, then the insurance is void, in this case the object of cattle/buffalo insurance is a cow that is kept by a cattle breeding and/or breeding business actor.

² Setiawati, NS (2018). Legal protection for insurance policy holders in resolving insurance claim disputes. *Journal of the Legal Spectrum* , 15 (1), 150-168.

³ Anam, DS (2018). *Evaluation of the Implementation of the Cattle/Buffalo Livestock Business Insurance Program (AUTS/K) (Study at the Lamongan District Livestock and Animal Health Service and the Tuban District Fisheries and Livestock Service)* (Doctoral dissertation, Airlangga University).

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Law Number 19 of 2013 concerning Protection and Empowerment of Farmers (UUP-3) article 37 states that the Government is obliged to protect farming businesses carried out by farmers/breeders from losses due to crop failure in the form of Agricultural Insurance. The benefits of Cattle Insurance for Breeders:

- (1) Provide peace and tranquility so that farmers can focus on better business management,
- (2) The transfer of risk by paying a relatively small premium to farmers can transfer the uncertainty of the risk of large losses,
- (3) Provide guarantees of protection from the risk of death and loss of cattle, and
- (4) Increase the credibility of insurance participants with respect to access to financing (banking).

Livestock insurance is a type of voluntary insurance in which the farmer joins the program without coercion, Voluntary insurance is an insurance agreement that occurs on the basis of the personal will of the parties who want to carry it out, this voluntary insurance is divided into two types, namely *Government Insurance* and *Commercial Insurance*, Based on the Decree of the Minister of Agriculture of the Republic of Indonesia Number: 02/Kpts/SR.230/B /01/2021 Regarding Guidelines for Insurance Premium Assistance for Cattle/ Buffalo Business, insurance premium assistance for productive cows and female buffalo (mother) from the Government is Rp.160,000 per head or 80% of the insurance premium of Rp. 200,000 by providing this assistance, the role of the government is to support farmers in running their businesses. Meanwhile, if the breeder registers with commercial insurance, the coverage is in accordance with the premium paid by the insured.

Analysis of the mechanism for submitting an insurance claim for Cattle/ Buffalo Animals in Indonesia

The mechanism for submitting a claim can be made by the insured to the insurer if the insured cattle dies due to illness, accident or childbirth and loss. Furthermore, the claim is submitted by the insured to the insurer with the following conditions:

1. Premiums have been paid in accordance with the provisions.
2. There is a potential death for the insured cattle.
3. There is the death of cattle and loss within the coverage period.

If there is a potential claim on the insured cattle, the insured immediately notifies the insurer. Here the insured can contact the PPL (Field Agricultural Extension Officer) who has been assigned by the district government to handle claims. In case of death of a cow due to disease, calving and accident there will be a veterinarian or an authorized technical officer appointed by the service in charge of livestock and local animal health functions and if in case of loss of a cow, the insured must involve the police to make a letter of loss of cattle insured as proof of loss of the insured cow. After the notification is submitted, PPL will look into the field with livestock and animal health officers (Keswan) to conduct a death check on the insured cattle. After that, the insured party (cow breeder) fills out a notification form of livestock death and an official report on livestock death inspection by attaching photos of the death which are then signed by the PPL and livestock and animal health officers and

recognized by the district office. Payment of compensation is carried out no later than 14 days after the report of the results of the examination is submitted. Compensation is carried out through transfer of books to the group account. Then the farmer group distributes it to group members according to the number of livestock insured and the premium paid.

In the process of claim settlement procedure that occurs in the field is in the process of compensation for the death of cows, if you look at the procedure for cattle business insurance, which is for 14 days after the report on the results of the inspection is submitted but what happens in the field is something that is not in accordance with 14 days or more than 14 days. day of the replacement process. The farmers hope that the compensation process for the death of cows is in accordance with existing procedures, so that if there is a death of a cow in an insured cow, the farmer can buy the cow back so that the cattle business continues. In accordance with Article 77 paragraph (1) of the Regulation of the Financial Services Authority (POJK) Number 69/POJK.05/2016 concerning Business Conduct of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies If the insurance company domiciled as the insurer does not settle claims against the insured, may be subject to sanctions, in the form of administrative sanctions in the form of written warnings, restrictions on business activities, for part or all of business activities, and revocation of business licenses.

Limitation of liability of the insurer in the Cattle/ Buffalo Animal insurance agreement in Indonesia

Insurance is a reciprocal agreement, meaning that the insurer's obligation to compensate for the losses suffered by the insured is faced with the insured's obligation to pay the premium even with the understanding that the obligation to pay the premium is unconditional or not dependent on one condition.⁵ Insurance is an insurance transaction that involves two parties, namely the insured and the insurer. The insurer guarantees the insured that he will get compensation for a loss that may be suffered.⁶ In carrying out responsibility for claims from the insured, generally the insurance company as the insurer will see the contents of the policy agreement regarding the submission of claims. Based on the provisions of the policy agreement, it will be seen that the insurance company will be responsible for all risks experienced by the insured. However, not all risks that the insured suffers will be compensated because the insurer also provides several exceptions, one of which is a disease that occurs on purpose.

The responsibility of the insurer in an insurance agreement is an important element, because the insurer is the party who has the obligation to bear the burden of

⁵ Nainggolan, VLA (2020). The Liability of The Life Insurance Company For Mistakes Made By The Agent To The Customer.

⁶ Mandala, GWY, & Suarbha, IW Insurance Company's Responsibility for Insurance for Workers Suffering from Intentional Sickness.

compensation for the losses suffered by the insured caused by the occurrence of uncertain events.⁷

The limitation of the insurer's liability in the Cattle/Buffalo Animal Insurance agreement in Indonesia is the same as the insurance agreement in general, namely that it is included in the insurance policy itself, as is the case with Cattle/Buffalo Animal insurance . /theft, natural disasters including disease outbreaks . In accordance with Articles 276 and 249 of the KUHD that the insurer will compensate for all losses that arise as a result of an event that results in a loss, except for losses that arise due to the insured's own fault and his own defects.

III. CONCLUSION

Cattle/buffalo animal insurance is included in the type of agricultural insurance regulated in Law Number 19 of 2013 concerning Protection and Empowerment of Farmers, but still refers to the law of the Republic of Indonesia number 40 of 2014 concerning insurance, the AUTS Program is a type of loss insurance. As an agreement between the insurer (insurance company) and the insured (cow breeder) it must be subject to the provisions of the KUHD and the Civil Code. The guidelines set out in implementing AUTS are in accordance with the provisions of insurance law, starting from the provisions of the agreement between the insurer and the insured, the object being insured, the premium to be paid by the insured, the provisions of the insurance policy made and signed by each party, to the mechanism for submitting a claim.

The mechanism for submitting livestock/cattle insurance claims in Indonesia is based on each insurance company. Payment of compensation is carried out no later than 14 days after the report on the results of the inspection is submitted. Compensation is carried out through transfer of books to the group account, then the farmer group distributes it to group members according to the number of cattle insured and the premium paid, and further regulated in the Decree of the Minister of Agriculture of the Republic of Indonesia Number: 02/Kpts/SR.230/B /01/2021 regarding Guidelines for Assistance for Cattle/Buffalo Business Insurance Premiums.

Limitation of the responsibility of the insurer in the insurance of cattle/buffalo itself is in accordance with the contents of the insurance policy, but the company does not cover compensation for losses caused by the fault of the insured or the intentional and negligence of the insured party in accordance with Articles 276 and 249 of the KUHD that the insurer will replace all losses incurred arises as a result of an event that results in a loss, except for losses that arise due to the insured's own fault and his own disability.

⁷ Puspitasari, N. (2011). The history and development of Islamic insurance and its difference with conventional insurance. *Journal of Economics Accounting and Management* , 10 (2).

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