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## Conflict Management Through Dispute Style Analysis Of Marketing Bancassurance-Unit Linked Product Conflict Between Consumer And Insurance Companies In Indonesia (Case Study Analysis Of Three Insurance Company)

Grace Bintang Hidayanti Sihotang<sup>1)</sup>

*Universitas Pamulang, Tangerang Selatan, Banten, 15416 Indonesia  
E-mail: [grace.bintang@yahoo.co.id](mailto:grace.bintang@yahoo.co.id)*

**Abstract:** Conflict management is basically an effort or process carried out by the conflicting parties in order to obtain a resolution of the conflict as desired. Basically conflict management is a process of solving problems democratically by prioritizing win-win solutions so that negative effects in the conflict can be managed to a minimum. The marketing conflict of bancassurance - unit linked products has recently become a topic of conversation in various media. The relevant parties, for example the Insurance Companies, Banks, Consumers and Policy Stakeholders, both have right side and wrong side in relation to the marketing process of this unit-linked bancassurance product, so a solution must be found as well as possible. In this article, the author uses theory of conflict management, namely Pasya and Sirait Theory to analyze the dispute style of the parties. The author will also explain about 3 alternative ways of resolving insurance disputes in Indonesia according to existing provisions in Indonesia. The research was conducted using a qualitative method with a casuistic approach.

**Keywords:** Conflict Management, Insurance, Bancassurance, Unit- Linked

## INTRODUCTION

Conflict management is a process of managing conflict by compiling a number of strategies carried out by the conflicting parties so as to get the desired resolution of the conflict

One way to implement conflict management is to determine the appropriate conflict resolution for the problem. Conflict resolution in the book of A Glossary of Terms and Concepts in Peace and Conflict Studies (2005) by Christopher E. Miller, is mentioned as an approach that has the aim of resolving conflict through constructive problem solving .

However, the conflict resolution can also be interpreted as an effort to achieve conflict outcomes using conflict resolution methods. The main purpose of conflict resolution is to achieve or promote peace. The conflict resolution in the conflict management process can be done in stages or individually.

Conflict management is essentially a cross-sectoral science. It can come into connection with various fields of knowledge, and the most important is Law. Why can we conclude that? Because in legal terms there is a terminology concept called the concept of restorative justice. Restorative justice is a justice approach that emphasizes improvement and peace rather than retribution (retributive justice) .

This restorative justice approach produces what is known as a win-win solution that is in line with the goals of conflict management itself. Lately, especially since Covid 19 hit in early 2020, various conflicts between insurance companies and policyholders or customers have arisen and are getting more massive, especially in the type of unit linked insurance.

The conflict also escalated and heated up, as evidenced by demonstrations, raiding insurance offices as well as insinuations and blasphemy on social media which had an adverse impact on business climate in Indonesia because it would reduce the level of public trust in financial institutions, especially insurance. According to data from the Financial Services Authority (OJK), more than 3 million customers have closed their unit linked insurance policies since the Covid 19 pandemic.

The essence of the problem is the lack of transparency of insurance agents and insurance companies in the process of selling unit linked insurance, which many customers realized when they checked the cash value of the policy when the Covid 19 pandemic began. The checking of the policy by the policyholders or insurance customers is as a result of the decline in people's income and the number of layoffs since the Covid 19 pandemic, so they check their "savings" of money (insurance policy) and are disappointed after finding that the amount of that policy value is not the same what the agent promised the first time when the illustration of the policy given.

The majority of their disappointment was in the illustration provided by the agent which stated that this unit linked product is a future investment savings whereas unit linked is a non-conventional insurance model with investment features . Their trust in the illustrations of products offered by agents is getting stronger because the unit linked product has being sold under the bancassurance system. They think that what they are buying is a banking product, not an insurance product.

Bancassurance itself is a program of cooperation between banks and insurance companies. The bank will sell insurance products from an insurance company directly to its customers and later on both parties will share the profits from the sales commission of the insurance product . The process of selling insurance products through the bancassurance channel is legalized on a legal basis as regulated in the Financial Services Authority Circular Letter (SE - OJK) number 32/SEOJK.05/2016 concerning Marketing Channels of Insurance Products through Cooperation with Banks (Bancassurance). In the dispute over the marketing process mentioned above, all parties (policyholders/ customers, banks as marketers, insurance agents as marketers and insurance companies) insist that they are the right parties. Each of them has their own argument that they are the right side so that this problem is at a deadlock.

The Financial Services Authority (OJK) has actually issued a set of rules and policies regarding disputes in financial institutions by prioritizing the concept of *ultimum remedium* and restorative justice. The concept of settlement of cases that prioritizes peace has been regulated by OJK through SE OJK No. 2 / SEOJK. 07/ 2014 concerning Service and Settlement of Consumer Complaints in the Financial Services Sector and SE OJK No. 61/ POJK. 07/2020 concerning Alternative Dispute Resolution Institutions (LAPS - SJK) which in its editorial prioritizes the concept of peace first before litigation or dispute settlement in Indonesian Court.

However, the responses from two parties, namely consumers or policyholders and insurance companies are different in responding to this so that the authors are interested in raising the response to Existing Conflict Management or disputing style analysis / Analisis Gaya Bersengketa (AGATA) from the parties to the dispute resolution method that has been determined by this country's policy makers. Based on the analysis of the Conflict Management Theory from Pasya and Sirait, to get the most response conclusions from the types of conflict management offered by the government, whether negotiation/ internal dispute resolution, mediation at Alternative Dispute Resolution Institutions or through litigation or courts.

## LITERATURE REVIEW

This literature review was compiled through searching the results of scientific publications in four database journals, namely Microsoft Academic, Academia Edu, Google Scholar and ResearchGate.

The keyword used in the search is bancassurance conflict management. The total articles found consisted of 1940 articles found on Google Scholar, 586 articles found on Academia Edu, 0 articles on Microsoft Academic, and 225 articles on ResearchGate. The articles were then specified based on inclusion criteria with the focus of insurance in Indonesia on qualitative research so that the remaining 4 articles and 3 books were used as library materials.

## Hypothesis Development

In this study, the authors hypothesize that there are 3 ways to resolve conflicts in the marketing of unit linked bancassurance products, namely negotiation/internal dispute resolution at the company level, mediation at the Alternative Dispute Resolution Institution (LAPS-OJK) and through Indonesian court. The three methods or processes will be analyzed based on Pasya and Sirait Theory which developed a dispute style analysis tool (AGATA) to map the attitudes of conflict actors in dealing with disputes .

The attitude or style is (Pasya & Sirait (2011) 1) avoiding (avoiding), 2) accommodating (accommodating), 3) compromising (compromising), 4) competition (competing), and 5) collaboration (collaborating).

- 1) Avoiding Style occurs when one party rejects the existence of a dispute, and avoids discussing the dispute. This style is most effective in situations where there is a danger of physical violence, no opportunity to achieve goals, or very complex situations where it is impossible to resolve the issue.
- 2) Accommodating Style occurs when one party sacrifices his/her own/group interests and puts the interests of the other party first. This style is effective in situations when a party realizes that it does not have much opportunity to achieve its interests.
- 3) Compromising Style, occurs when each party acts together to take a peaceful way, for example by giving each other, and in this action it is not clear who won and who lost. This style is effective in situations when the parties refuse to cooperate while at the same time a solution is needed, and when the end goal is not an important part. In this style there is usually no true satisfaction.
- 4) Competitive Style, which is a style of dispute characterized by aggressive actions, selfishness, suppressing other parties, and uncooperative behavior. This style is

effective when decisions must be made quickly, the number of decision options is very limited or even only one, one party does not feel a loss even by putting pressure on the other party, and most importantly there is no concern about the potential damage to relationships and social order.

- 5) Collaborating Style. It is characterized by active listening to each other's interests, focused concern, empathetic communication, and mutual satisfaction. This style is effective in situations where there is a balance of power and sufficient time and energy are available to create an integrated dispute resolution process.

Meanwhile, there are 3 types of dispute resolution that exist in Indonesia for insurance institutions and other financial institutions, namely: Settlement at the Company level (Internal Dispute Resolution), Mediation at OJK LAPS and through litigation or courts.

## METHODS

Data were collected through interviews with the support of field observations. Identification of actors, their interests and their influence is carried out by recording techniques and conflict mapping techniques to visualize them. Information about the styles of the actors is obtained through discussions and interviews or the attitudes outlined in discussions on social media groups, as well as interviews and researchers' interpretations of actors' attitudes in conflict .

Determination of informants who need more in-depth research is carried out using the Snowball Sampling technique, which is to follow the information of previous informants to determine the next informant and some are determined purposively.

Validation or testing of data validity is done by triangulation of sources. Source triangulation is by checking the data against other data sources . Triangulation techniques are carried out by interviewing, then checked by observation, and documentation .

## RESULT AND DISCUSSION

According to Pasya and Sirait (2011) , if the style of the parties to the dispute shows the styles of compromise, accommodation and collaboration, it can be concluded that the social capital owned by the disputing parties is at least sufficient to start mediation. If the style is competitive (competing) and/or agitative (attacking), it is necessary to build mutual trust between all parties to the dispute.

It is also necessary to convince the parties that the mutual benefits that may be obtained through negotiations are the way to go. However, if the style of the parties is to avoid, then it is necessary to carry out a constructive intensification of the dispute, namely on separate occasions there are parties who invite each party to be willing and willing to express their opinions. The opinion in question concerns disagreements or differences that they have. The parties' perceptions of the other party (opposite party) also need to be stated. Efforts to convince the parties that these differences must be expressed in a mutually conducive opportunity because all parties are willing to attend and meet.

### 1. Consumer Dispute Style Analyst of Policyholder on Insurance Victim Facebook Group

At first, the group on facebook was only driven by a few people who had the 'common fate', namely the need for money during a pandemic, having insurance policies at the 3 insurance companies and finding that the cash value of the unit linked bancassurance policy did not match the one offered at the beginning of the publication of the policy by agent.

With the power of social media, this group has finally grown to more than 3000 people in early 2021. To fulfill their wishes, several times they held demonstrations (according to the style of competition/competing dispute), but due to clashes against the PPKM (Indonesia's Covid 19 Lock Down Policy) their demonstration was finally canceled.

To strengthen the style of the competing model dispute, they looked for a lawyer/ legal aid institution and finally they planned and formed a lawsuit group to file a lawsuit against the three insurance companies. However, due to lack of funding, the lawsuit group split. Most of them end up choosing negotiation /internal dispute resolution and/ or mediation, with the consideration that the process is faster, cheaper and even without cost, and also simpler because it only focuses on refunds. From this process, it is clear that just like the Pasha - Sirait Theory, some group members have made efforts to make accommodations, compromises and collaborations due to the various considerations above.

Finally, a group of almost 200 members was formed who were willing to carry out the peace process either through negotiation or internal dispute resolution and/or mediation. Of the 200 people, because the negotiation process was not as fast and simple as initially thought, the 200 people were reduced to around 126 people (90 insurance customers A, 24 insurance customers M and 12 insurance customers P). Some of those who are impatient with an accommodative, compromise and collaborative conflict resolution style, rejoin the lawsuit group to carry out conflict resolution in a competitive style and make efforts to sue the court, report to the DPR and the Ombudsman as well as demonstrations, demonstrations and even took coercive measures to meet with the president of the Republic of Indonesia, Mr. Joko Widodo.

From the description above, it can be concluded that the majority of consumers take the accommodative, compromising and collaborative style of dispute resolution or conflict management, while a small proportion choose the competitive style of dispute resolution.

What should be noted is that the stakeholders in this Unit-Linked Insurance Victim Community have a competitive and aggressive style of dispute and do everything they can to win and their wishes are obeyed.

## 2. Dispute Style Analysis of Insurance Company A

The disputing style of Insurance company A, according to the author, is included in the Accommodative Style.

Insurance company A is the fastest to respond to requests for Internal Dispute Resolution and the fastest to complete the process, which is 25 days according to the provisions of SE OJK No. 7/2014. However, they do not use a compromise and collaborative style of dispute resolution, namely when the decision is completed, according to the results of an internal investigation which, according to the author, was carried out unilaterally, there was no effort from the insurance company so that consumers could carry out an appeal process against the decision.

Although for rejected cases, insurance companies provide other compensation as a form of corporate social responsibility, but they make the results of their decisions final and binding.

The refunds given are all ex-gratia. Ex-gratia is an insurance claim settlement based on maintaining good relations or generosity. This means that insurance company A does not actually admit that there was a mistake on their part, because the ex-gratia returns are more generous in nature .

From the evidence mentioned above, it can be concluded that insurance company A chooses a style of dispute resolution or conflict management that is accommodative but competitive.

## 3. Dispute Style Analysis of Insurance Company M

Insurance Company M is the longest to respond to an invitation to negotiate or Internal Dispute Resolution as mandated by SE OJK No 7/2014, but in the process it is insurance company M that is the best to carry out the negotiation process/ Internal Dispute Resolution as well as the possibility to bring this matter close to the next stage of the mediation process at the Alternative Dispute Resolution Institution (LAPS SJK) and the courts. They give the widest effort to resolve this case with various models of conflict management techniques that

exist. According to the author's analysis, insurance company M carries out a dispute or conflict management style by way of Accommodation, Compromise, Collaboration and also opens opportunities for Competitive style.

Insurance company M also provides an opportunity to 'appeal' the decision of the Internal Dispute Resolution and even conduct meetings/zoom meetings several times both with legal counsel and directly with customers.

Insurance company M also admits that there was a procedural error, but still provides opportunities for customers whose complaints are rejected to apply for ex-gratia.

Based on the things mentioned above, it can be concluded that insurance company M chooses a conflict resolution style or conflict management, namely Accommodative,, Compromised, Collaborative and does not rule out the possibility of a Competitive settlement.

#### 4. Dispute Style Analysis of Insurance Company P

Insurance company P : when the lawyers came to their head office, they were very defensive, as evidenced by the security personnel who refused to let their lawyers enter The Insurance company P only replied by letter that they had good intentions to answer consumer complaint letters from policyholders but their actions were more towards avoiding or or seeming to hang this problem without settlement, and suddenly immediately sent a rejection letter for negotiations.

From the above observations it is clear that insurance company P chooses a disputed style or conflict management with avoiding style and closes all other disputing style settlements. This risk management model and conflict resolution style have a significant effect on the number of policy closures, whether or not the premiums have decreased and whether or not the company's profits have decreased.

Insurance P, for example, there has been a significant decline in premiums during the covid pandemic, although the company's profits can still be maintained .The author's assumption is that due to the disputing style of the insurance company P, which tends to avoid making customers finally back down and choose to close the policy so that there will be no more losses .The opposite does not have a significant effect on the other two insurances, and concludes that the style of dispute in conflict management greatly affects the credibility of the company and automatically affects the growth of premiums and company profits and also avoids mass policy closures by customers which will definitely affect the company's economic condition.

#### CONCLUSIONS

Dispute styles and conflict resolution options in Risk Management greatly affect the credibility of the company in the eyes of consumers and at the same time affect product marketing, namely the size of the premium amount, the fluctuations in company profits as well as greatly influencing the policy closing actions by customers.

The company's response to the dispute will definitely affect the company's product sales as well as have a big impact on the company's business continuity. Therefore, the conflict resolution model in insurance companies, which is part of risk management, must be very influential on sales of bancassurance unit linked products in the future.

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