



Legal Responsibility of Insurance Companies for the Denial of COVID-19 Patient Claims: A Case Study of PT Asuransi Allianz Life Indonesia

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<p>Article History Received: 2025-11-14 Revised: 2025-11-27 Published: 2025-12-30</p> <p>Keywords: <i>Insurance;</i> <i>responsibility; law;</i> <i>Rejection</i></p>	<p>In this article, we examine the legal responsibility of insurance companies for the denial of COVID-19 patient claims: A case study of PT Asuransi Allianz Life Indonesia. Aims to find out how the company's responsibility is to customers, how to protect consumers, and how insurance customers respond to the rejection of COVID-19 claims. This research uses a qualitative method, namely by using a field study and analytical descriptive approach. The results of this study have shown that PT Asuransi Allianz Life Indonesia, in certain cases, has not fully fulfilled its legal responsibilities both from a contractual perspective and within the framework of consumer protection. This refusal creates a conflict because in contract law, an agreement must be executed based on the principles of good faith and transparency of information. Many customers expressed disappointment with Allianz's perceived impartiality and seemed to be looking for excuses to reject claims.</p>

I. INTRODUCTION

As social creatures, humans always need interaction with the surrounding environment. From this relationship, various social activities arise. Through these activities, the community seeks to face risky situations that can threaten the safety of lives and property. Conditions like this often appear suddenly and are difficult to predict in advance. To be able to divert risks like this, insurance is present in preparing its consumers/customers if they want to multiply the risks that threaten the safety of life, homes, vehicles, and so on (Saputra et al., 2021).

In Dutch, the original term for insurance is known as Verzekering or Assurantie (Nopriansyah, 2024). In Indonesia, insurance is also often referred to as insurance. In English, two terms are known that have similar meanings, namely Assurance and Insurance (Lestari & Rahma, 2022). There are various views on the concept of insurance. Based on Article 246 of the Commercial Law (KUHD), insurance or coverage is a form of agreement in which the insurer expresses its willingness to provide compensation to the insured party for losses, damages, or other

risks that may arise from an uncertain event, in exchange for the payment of premiums from the insured.

In this case, insurance is a more appropriate choice for risk readiness and risk management can be done in various ways, one of which is by transferring risk from the exposed party (insured) to another party, namely the insurer or insurance company (Kurniawan & Julianto, 2023). In practice, when a loss occurs, the insured can submit a request for compensation through the claim process to the insurance company. However, before submitting a claim, it is important for the insured to first understand the terms and procedures for submission that have been set by the insurance provider.

The COVID-19 pandemic that began in early 2020 not only put great pressure on the global health system, but also triggered a surge in life and health insurance claims in Indonesia. A study on BPJS Employment shows that the number of claims increased significantly during the pandemic period, forcing insurance companies to prepare a much larger reserve of liquid funds than in the pre-pandemic period. This is in accordance

with the research of Sayuti and Hidayati (2020), people during the Covid-19 pandemic experienced changes in terms of consumption, due to a decrease in income so that they will tend to increase the consumption of basic necessities such as food and daily necessities which are considered more needed during social restrictions.

Many health and life insurance companies in Indonesia reject COVID-19-related claims on the grounds that the pandemic is not included in the policy coverage. In fact, the insured considers that such a refusal has the potential to violate the principle of good faith and can be considered a breach of contract. In the midst of this situation, many insurance companies, including the private sector, such as Allianz Life Indonesia, are facing major challenges in handling claims related to COVID-19, which has given rise to various disputes between the insured and the insurer.

An insurance agreement is a civil contract that focuses on the principle of utmost good faith, where the insurer and the insured must be open to all material information related to the insured risk (Adi, 2025). This principle is regulated in the Civil Code and described in Law No. 40 of 2014 concerning Insurance, and is supported by Law No. 8 of 1999 concerning Consumer Protection.

Legally, insurance companies in Indonesia are obliged to fulfill claims as long as the policy conditions are met, as stipulated in Law No. 40/2014 on Insurance and POJK related to transparency and claim treatment. However, in practice, claims are often rejected for reasons such as waiting periods, completeness of documents, medical definitions that are too narrow, or allegations of non-disclosure. This not only causes consumer dissatisfaction but also has the potential to violate the principle of good faith and can lead to civil lawsuits and criminal actions, as happened in the case of the former President Director and Claims Manager of Allianz in 2017.

Based on a study by Sulistya Ningrum (2017), the application of the principle of good faith is an absolute requirement in insurance contracts, and violations against it can open up opportunities for legal sanctions, including the role of the Consumer Protection Law. Meanwhile, obstacles in insurance claims associated with pandemic objects as force

majeure situations, thus raising the need for stricter regulations. Furthermore, the "pandemic = epidemic" clause is often misinterpreted as the basis for the rejection of COVID-19 claims in sharia insurance (Alifadina, 2023). This case clarifies the form of legal liability that can be imposed on insurance companies: first, administrative responsibilities such as fines and sanctions from the OJK; second, civil liability in the form of compensation, interest, or legal process costs; and third, criminal liability if elements of fraud are found, violations of the Consumer Protection Law, or misuse of medical data. Especially against PT Allianz Life Indonesia, there have been a number of cases, including those led by Alvin Lim as the client's legal representative, which shows a pattern of rejecting claims with unreasonable document requirements (for example, requesting copies of complete medical records) that are contrary to the Minister of Health Regulation No. 269 of 2008. In addition, in 2024, the law firm LQ Indonesia managed to win customer claims that were previously rejected for administrative reasons, showing that this kind of rejection pattern persists.

The importance of this research in the realm of insurance law in Indonesia cannot be underestimated. The impact of the pandemic has changed the risk management paradigm, increased premiums (medical inflation is reported to rise to 35% - 40% in 2023-2025), and created conditions in which consumer protection and public trust have become particularly vulnerable. Thus, the results of this research are expected to strengthen the principle of insured protection, clarify expectations of the company's good faith, and provide concrete input for regulators and insurance industry players regarding the importance of transparency, fairness, and compliance with the law in claims practices, especially in public crisis situations such as pandemics.

II. RESEARCH METHODS

This research method uses a normative legal approach with the type of literature research (Sonata, 2014). The research is focused on an analysis of the laws and regulations governing

insurance agreements, insurance company liability, and consumer protection, especially in the context of the Covid-19 pandemic. Data was collected through a study of documents, which included laws, OJK regulations, the contents of PT Allianz Life Indonesia's insurance policy, as well as relevant legal literature and journals. Data analysis is carried out qualitatively by interpreting and examining the suitability between the action of refusal of claims by insurance companies and the legal provisions and principles in the law of the agreement. This method was chosen to provide a juridical assessment of the company's legal responsibilities appropriately based on applicable legal norms.

III. RESULTS AND DISCUSSION

A. Legal Responsibility of Insurance Companies in COVID-19 Claim Denial: A Perspective on the Principle of Good Faith

Insurance companies operate on the basis of contractual principles that are loaded with trust between the insurer and the insured. One of the fundamental principles in insurance law is the principle of utmost good faith, which requires both parties to honestly, openly, and proactively convey all relevant facts related to the object of coverage (Safitri & Gultom, 2025). In the context of the COVID-19 pandemic, the phenomenon of rejecting insurance claims by a number of companies has emerged, which has led to a debate regarding their compliance with the principle of good faith.

The principle of good faith requires the insured to disclose all material facts that may affect the insurer's decision to accept the risk. However, the same principle also requires insurers to act transparently, fairly, and proportionately in interpreting policies and handling claims. During the pandemic, many insurers rejected claims based on exclusion clauses such as "force majeure" or "epidemic", which were often interpreted unilaterally without adequate communication to customers. This situation raises a fundamental question: whether the refusal is really in line with the legal principles of insurance or actually harms the basic principle of trust in insurance contracts (Nengsih et al., 2024).

Cases in Indonesia in early 2021 showed that a number of health insurance customers complained of denials of hospitalization claims due to COVID-19, even though insurance policies did not explicitly mention exclusions related to infectious diseases (Alsakinah & Fasa, 2022). Some policies were even created before the pandemic, so the risk of COVID-19 was never considered as an object of exclusion. For example, a lawsuit against PT Asuransi Jiwa regarding a claim for death due to COVID-19 shows that the insurer rejected the claim on the grounds that the outbreak was covered by the exclusion. However, the policy document does not include the words "outbreak" or "pandemic", and the policy's selling agent never provides such information. In its legal considerations, the Panel of Judges emphasized the importance of the principles of transparency and clear communication, as stipulated in Article 18 of Law Number 8 of 1999 concerning Consumer Protection.

In addition, the principle of *contra proferentem* in the interpretation of insurance contracts emphasizes that the vagueness of the policy clause must be interpreted in favor of the insured (Syaifudin et al., 2019). In the context of COVID-19, if a claim is rejected without evidence that the exclusion clause has been clearly communicated, then this action has the potential to violate the principle of good faith and give rise to legal liability for the company. Juridically, the liability of insurance companies is regulated in Article 251 of the Criminal Code, which affirms that an incorrect or incomplete statement from the insured can only invalidate an agreement if it is misleading. Therefore, it is the insurer who can be held accountable if the policy information is conveyed in a misleading or hidden manner.

Research by Mutakin and Hakim (2021) highlights that many insurance companies in Indonesia do not adjust policy clauses explicitly after the emergence of the pandemic, so claim rejections are often carried out without a strong legal basis. The existence of a pandemic does not automatically exempt insurers from the obligation to pay claims, unless the exemption has been legally and transparently agreed. This shows that there is a gap between insurance business

practices and insurance legal principles, which can have implications for a lawsuit for default or unlawful acts.

Thus, the legal responsibility of insurance companies in rejecting COVID-19 claims must be seen as more than just contractual clauses, but must prioritize the principles of justice, transparency, and legal certainty. Companies need to renew policies explicitly, ensure thorough communication with customers, and maintain a balance between business protection and insured rights. This approach not only strengthens the client's legal position, but also maintains the reputation and sustainability of the insurance company in the midst of a crisis situation such as the pandemic.

B. COVID-19 Claim Denials: Legal Implications for Consumer Protection and Insurance Contracts

The denial of insurance claims related to COVID-19 raises complex legal issues because it touches on two fundamental aspects: consumer protection and the validity of insurance contracts. Legal events in this case can be categorized as the result of the actions of the legal subject, namely the insurance company acting in its capacity as a business actor providing financial services.

From the perspective of consumer protection, Law Number 8 of 1999 concerning Consumer Protection (UUPK) affirms consumers' rights to comfort, security, and certainty in using services, including financial services such as insurance. Insurance is supposed to provide a sense of security for policyholders when the insured risk occurs (Sigalingging et al., 2022). The rejection of a claim without a clear reason, or based on a basis that is not transparent and not informed from the beginning, has the potential to be categorized as a violation of consumer protection principles, especially related to provisions on the principles of openness and good faith.

The UUPK also prohibits the use of unilateral standard clauses that are detrimental to consumers. In the context of a pandemic, if the policy includes an exclusion clause stating that an outbreak or pandemic is not covered, the clause must be clearly communicated and

understandable to the consumer before the contract is signed (Podgörska-Rykala & Kepa, 2021). Otherwise, the clause can be considered legally flawed, as it violates the principles of transparency and the principle of good faith in insurance contracts.

In terms of contract law, an insurance policy is a consensual agreement that binds both parties. All terms and conditions in the policy must be agreed upon and have the force of law. Therefore, the denial of the claim must refer to the terms of the policy itself. If the risks due to the pandemic are not explicitly listed as an exception, then the denial of the claim may be considered a default and breach of contract.

During the COVID-19 pandemic, many insurers faced a significant surge in claims, ranging from hospitalizations, daily compensation, to death claims. Some companies try to dismiss claims on the grounds of force majeure or an extraordinary disaster, but this argument is weakened if it is not clearly written in the policy or communicated in advance (Abdulloh, n.d.). The principle of good faith requires insurers to publicly explain the scope of risks and benefit limitations from the outset, so that customers can make informed decisions when purchasing a policy (Podgörska-Rykala & Kepa, 2021). Failure to implement this principle has the potential to give rise to legal liability.

Practically, consumers have several legal protection mechanisms: complaints to the Financial Services Authority (OJK), submission of disputes through the Consumer Dispute Settlement Agency (BPSK), or through civil channels on the basis of default. This confirms that the denial of claims during the COVID-19 pandemic is not just an internal decision of the company, but has serious legal implications regarding consumer rights and contractual obligations.

Thus, the rejection of COVID-19 claims has the potential to violate the provisions of consumer protection law and insurance contract law, especially if the policy is not formulated or delivered transparently, and the insurance company fails to implement the principle of good faith. Therefore, insurance companies are obliged

to balance business interests with consumer rights, in order to ensure legal compliance while maintaining public trust.

C. Customer Response to COVID-19 Claim Denials: Legal and Consumer Protection Perspectives

The rejection of COVID-19 claims by PT Asuransi Allianz Life Indonesia elicited various responses from customers, reflecting the tension between consumer expectations and the insurance company's operational practices. Customer responses vary, ranging from complaining about problems to social media, writing readers' letters in the mass media, to taking legal steps. One example that received public attention was the rejection of a COVID-19 hospitalization claim, where a customer complained through a reader's letter in the Detik media that his claim was rejected even though supporting documents such as PCR test results and a certificate of hospitalization had been fully attached.

By law, every consumer has the right to clear and transparent information about all the provisions listed in the insurance policy (Nst & Siregar, 2024). This principle affirms the company's obligation to provide a thorough explanation of the content, meaning, and limitations of the policy's benefits. If a customer feels aggrieved because compensation or benefits are not in accordance with the contract, the law provides a legal protection mechanism to demand appropriate compensation.

On the ground, many customers expressed disappointment with Allianz's claims procedure, which was considered non-transparent and tended to look for administrative reasons. For example, requests for additional documents such as complete medical records that are difficult for customers to obtain, but not explained beforehand, create the perception that companies are trying to exploit loopholes to limit liability. This is contrary to consumer expectations that insurance companies are supposed to be present as protectors in a global health crisis situation.

A number of customers have taken legal routes, either through complaints to the OJK, reports to

the Consumer Dispute Resolution Agency (BPSK), or civil litigation in court. Advocacy institutions such as YLKI are also involved in ensuring that consumers' rights to correct information and fair treatment are not ignored. From the company's side, Allianz stated that all claim processes are carried out in accordance with the terms of the policy, including the request for additional documents for verification. They emphasized that not all policies automatically cover pandemic risk, depending on the type and coverage of benefits agreed in the initial contract (Lathif & Habibaty, 2019).

The main problem that arises from this case is the difference in perception of the principle of good faith between customers and companies. Customers see the rejection of claims as a one-sided, detrimental action, while the company emphasizes compliance with the terms of the policy. This difference shows the weak financial literacy of the public in understanding the rights and obligations of policyholders, as well as the need for companies to ensure a fair, transparent, and accountable claims process.

From the perspective of contract law and consumer protection, this situation confirms several important points. First, the insurance company is obliged to communicate the exclusion clause clearly and easily understandable. Second, the OJK has a strategic role in preventive supervision, ensuring that insurance companies comply with regulations, implementing the principles of good faith, and avoiding practices that are detrimental to consumers. Third, financial literacy is a key aspect so that customers are able to critically assess the content of the policy and take appropriate legal action if their rights are violated.

Thus, the customer's response to the rejection of COVID-19 claims not only reflects individual dissatisfaction, but also exposes the gap between corporate practices and consumer protection principles. Going forward, insurers need to strengthen the transparency of claims procedures, policy communication, and consumer education, to minimize conflicts and increase public trust, especially in times of global health crisis.

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

Based on the analysis of the case of rejection of insurance claims by PT Asuransi Allianz Life Indonesia during the COVID-19 pandemic, it can be concluded that there is an imbalance between the legal obligations of insurance companies and the realization of consumer rights protection in practice.

Normatively, the legal relationship between insurance companies and customers is based on insurance contracts (policies), which are subject to the provisions of the Commercial Code (KUHD) and the regulations of the Financial Services Authority (OJK). On the other hand, as part of the service sector, insurance is also required to comply with Law Number 8 of 1999 concerning Consumer Protection (UUPK) which guarantees customer rights, including the right to comfort, security, and justice in receiving services.

This refusal creates a conflict because in contract law, an agreement must be executed based on the principles of good faith and transparency of information. If there are irregularities in the claim process, especially those carried out unilaterally by the insurance company, it can be considered a form of default or violation of the principles of consumer protection.

The fact that a number of customers complained to the mass media, filed lawsuits, and even brought cases to the authorities, shows indications of systemic failures in the company's claims settlement procedures. This shows that the legal responsibility of insurance companies is not only limited to contractual formalities, but must also be seen from the principles of fairness and comprehensive protection to consumers.

In certain cases, it has not fully fulfilled its legal responsibilities both from a contractual perspective and within the framework of consumer protection. This opens up space for regulatory and business practices in the insurance sector more broadly, to be in line with the principles of social justice and sustainable consumer protection.

B. Suggestion

Suggestions are intended to provide input to relevant parties in order to improve, develop, or respond to problems raised in the research. Based on the results of the study, it is recommended that insurance companies, especially Allianz Life Indonesia, conduct a thorough evaluation of claims handling procedures, especially in emergency situations such as pandemics.

The company is expected to prioritize the principle of transparency, namely by conveying information about the contents of the policy in a complete and non-misleading manner. The authors suggest that further and in-depth research be carried out on the implementation of consumer protection in the insurance industry. Hopefully what we have explained can add to the reader's insight, we really need criticism and suggestions to improve our writing in the future.

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