

Analysis of the Implementation of Good Corporate Governance (GCG) Principles to Improve Service Quality at Bumiputera Syariah Life Insurance Company

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Abstract

In the case of PT AJB Bumiputera 1912, special restrictions are needed because insurance is different from a business established as a PT. This is where the difference is clear: in a PT, this is not always the case, but in a joint venture, the policy will inevitably also seek company investors. This feature involves legal risks, requiring each investor to accept liability for the company's losses. As a result, AJB Bumiputera's policyholders are responsible for any business activities that contain the risk of loss and are entitled to a portion of the company's income. The implementation of good corporate governance (GCG) at AJB Bumiputera is the subject of this research. The research method used in this study is qualitative. The findings of this study show that although AJB Bumiputera has tried to implement GCG principles (such as accountability, openness, and fairness), AJB Bumiputera has not implemented it optimally, in other words, the implementation has not been effective.

Keywords: Insurance, Good Corporate Government, Implementation

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1. Introduction

Islamic insurance providers must choose the most practical and efficient strategies to improve their service quality in a globalized era with rapidly evolving services, increasing community needs, and fierce competition. The goal of service quality is to satisfy clients' wants and demands while ensuring that the delivery is appropriate enough to meet their standards. Insurance companies in terms of efforts to fulfill needs can be accepted by consumers.

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This is because insurance is one of the foundations of the Indonesian economy in addition to raising funds from the public in the form of premiums which of course can be invested in a variety of industries and economic sectors through capital market institutions, insurance is also able to protect financial risks that have the potential to lose money that takes place in economic transactions either directly or indirectly experienced by the community. Companies in Indonesia must integrate good corporate governance into their operations to maintain a high standard of service to the community (Febri Nur Rahmawati, Hindun Asmarani, 2023)

To create support so that insurance continues to run in the midst of the harsh financial climate competition, insurance companies must run their business by applying Good Corporate Governance. The application of Good Corporate Governance to the maximum, the company management will work reasonably because to maintain the stability of all parties involved in it so that no one is harmed, especially investors. Company administrators will not work to prioritize their own needs even though they have the opportunity to do so, but they still prioritize the needs of investors. The main cause of the vulnerability of companies in Indonesia, especially in the economic sector, is related to the weak application of Good Corporate Governance which includes four pillars, namely justice, transparency, accountability and responsibility (Handayani, 2023).

There are various results of the assessment of Good Corporate Governance which have shown less than optimal results and need improvisation while being comprehensive (Juliana Hasibuan, 2022). Of course, the impact of this on insurance companies can create an economic crisis for the company so that it is vulnerable to default on policyholder insurance claims. Some visible evidence is in several cases of insurance companies in Indonesia, starting from Asabri, Jiwasraya and AJB Bumiputera 1912 (Puspadini, 2023). GCG is a tool used by Bumiputera Syariah Life Insurance Company to improve the quality of services offered.

The implementation of duties by the company as a legal entity, directors, and commissioners as administrators with shareholders is known as good corporate governance (Aulia et al., 2023). When observed from several cases of default in several previous insurance companies, of course it is not far from the application of corporate governance. One of the things that affects the default of the Jiwasraya Insurance company is the investment instruments that are managed but override the principles of Good Corporate Governance as well as indications of corrupt behavior that caused state losses of up to 16 trillion. Legally, of course the rules regarding good corporate governance are already included in the OJK rules on (Keuangan, 2016) POJK No. 73 / POJK.05 / 2016 concerning corporate governance in the field of insurance in conjunction with Law Number 40 of 2007 (Sudana, 2015).

In the case of PT AJB Bumiputera 1912, special regulations are required based on the idea that insurance has different characteristics from companies incorporated as PT (Puspita, 2023). The drastic difference that appears here is that when the business is joint, the policy will certainly participate in finding available company investors while in PT it is not necessarily. This characteristic has legal risks because each investor is obliged to be responsible for companies that lose money. So that AJB Bumiputera policyholders in addition to having the right to the profits achieved by the company also participate in holding the dependents of all business activities that have the potential to experience losses.

This will certainly be a problem that is not in good financial condition, especially the level of

solvency which is also minus. The meaning here is that the overall liability is certainly heavier than the total wealth or assets owned. The rights owned by customers are certainly very many that have not been able to be received from the company because this is very crucial for policyholders and also OJK as the party that has the authority to restructure AJB Bumiputera so that it survives and is able to complete its obligations (Rambe & Sekarayu, 2022). Through the implementation of Good Corporate Governance, it is expected to function as a check on the authority to run a business. Another important thing that Bumiputera can do to increase company value and help expert business management is to build solid corporate governance.

Imam Bukhari and Muslim (Hafil, 2020) narrated a hadith that states, "All of you are leaders, and all leaders will be held accountable for what they lead." Muslim's HR 4828 and Bukhari's HR 2751 state that the imam is the leader and will be accountable to his followers. In relation to the idea of good governance, the dedication of a leader and government trustee will have a significant impact on the bureaucratic reform process that results in good governance (Kelvianto et al., 2018).

Through the implementation of Good Corporate Governance principles, it is expected to serve as a check on the authority in running the business. In addition, the implementation of efficient corporate governance is one of the most important things Bumiputera can do to optimize business value and help expert business management with the best service (Handayani, 2023). Judging from the previous examination, a gap was found from Dewi Dahlan's research which showed a significant influence between PT Bank BTPN TBK Padang Branch implementing the concept of good corporate governance (GCG) in order to improve service quality (Juliana Hasibuan, 2022).

This is also supported by research on the Urgency of Implementing Good Corporate Governance in Insurance Companies in Indonesia by Juliana Hasibuan and her colleagues, where the results of her research are that the application to deal with risks and issues on a national and world scale, good corporate governance is very important. Its implementation must consider five important factors: independence, fairness, accountability, openness, and responsibility (Dewi et al., 2021)

Furthermore, according to Nurjannah and Handayani's research, "Implementation of the Principles of Good Corporate Governance (GCG) in Improving Company Performance at PT Angkasa Pura II (Case Study on the Airport Learning Center Division)," good corporate governance consists of the following principles: equality, accountability, responsibility, transparency, and independence; at PT Angkasa, accountability, responsibility, and equality or fairness are the principles that are most often applied (Handayani, 2023). Which in this study only emphasizes the principles of accountability, responsibility and also equality or fairness, which means that these are still 3 principles that are determined among the 5 principles of Good Corporate Governance (GCG) that exist (Yudokusumo, 2014).

However, this will be a new finding of this research, where previous research only relied on 3 principles of Good Corporate Governance (GCG), namely the principles of accountability, responsibility and justice. While the principles that will be studied by researchers include 5 principles, namely among the core concepts of good corporate governance (GCG) are equality or fairness, independence (or independence), transparency, accountability, and responsibility. Of course, this will serve as a measuring tool for businesses to assess the effectiveness of the

management group. However, measures relating to service officer competence, authority and responsibility, work discipline, and initiative are used to assess the quality of services provided. The purpose of researchers conducting this research is to find out the implementation of the principles of good corporate governance (GCG) to improve service quality in the Bumiputera Islamic life insurance company. In addition, it is also to find out the strategy in improving the quality of services carried out using SWOT analysis. This research uses SWOT analysis to see the plans of the Bumiputera Islamic life insurance company in using good corporate governance (GCG) to improve service quality.

2. Literature Review

2.1 Good Corporate Governance

The Indonesian Institute for Corporate Governance (IICG) defines effective corporate governance as a set of policies and procedures that a company uses to ensure that its operations meet the expectations of its stakeholders. According to Brigham and Daves, corporate governance is a set of laws, regulations and policies that influence the way a company is run and the choices made by its leaders. Company performance can be improved by applying the principles of good corporate governance, which will ultimately result in long-term financial benefits for investors and stakeholders (Nurlaila, 2022).

The Qur'ān provides guidance on the proper structure of government and corporate governance. The use of good corporate governance in public administration is not mentioned in the Qur'ān. In fact, the Qur'ānic idea of good corporate governance should be adopted by every organization and aspect of our daily lives, not just governments. The Qur'an contains extensive descriptions of justice, equality, accountability and openness.

(Wahidahwati, 2023) Good Corporate Governance is interpreted as a mechanism that manages a company so that it brings added value to stakeholders. Corporate governance is simply interpreted as a mechanism created to guide and manage companies so that good and transparent relationships can be formed between various parties who have an interest in the company (Muhammad Zauki Hafiezh, 2023).

Fairness, responsibility, accountability, transparency and independence are the five pillars of good corporate governance. This is in accordance with the 2006 General Guidelines for the Implementation of Good Corporate Governance from the National Committee on Governance Policy (KNKG), which requires all companies to ensure that good corporate governance concepts are applied in all aspects of their operations and at all levels of the organization. The principles of effective corporate governance, transparency, accountability, responsibility, independence, fairness and equality must be adhered to in order to ensure that the company's operations are sustainable while taking into account its stakeholders.

2.2. Islamic Life Insurance

Sharia life insurance can be defined as a form of sharia insurance that primarily provides services, protection, and assistance in dealing with death and personal accident with premium payments through contracts that are in accordance with sharia principles. In sharia life insurance, participants are committed to donating their contribution funds to be donated as tabarru' funds to help fellow participants who are affected by disasters. So that through sharia life insurance, humans should try to manage their finances so that all needs can be met. And

humans are expected to manage the risks that may occur due to disasters in the future by protecting themselves (souls) and their property caused by these disasters (Muhammad Iqbal, 2017).

The definition of sharia life insurance is risk management based on sharia principles in order to help and protect each other by providing payments based on the death or life of participants, or other payments to participants or other entitled parties at a certain time regulated in the agreement, the amount of which has been determined and based on the results of fund management (Ajib, 2019). Sharia life insurance is an effort to protect and help each other among a number of people/parties through investment in the form of assets and or tabbaru' which provides a pattern of return to face certain risks through contracts (agreements) in accordance with sharia (Sri Ramadhani, 2019).

3. Research Method

This research is a qualitative method, by examining how problems occur. The research was conducted at PT AJB Bumiputera Medan Branch located at Jalan Sultan Iskandar Muda No. 138 Medan, North Sumatra 20153. The source of data in this study by conducting interviews with 4 resource persons (interview, August 15, 2023) in a structured manner, namely through questions and answers conducted formally and systematically to the 4 resource persons, namely:

1. Interview 1 :Administration and General Section
2. Interview 2 : Legal Section
3. Interview 3 : Portfolio and Claims Section
4. Interview 4 : Leaders at PT AJB Bumiputera.

While secondary data is obtained from the internet, books, journals, SOPs and company brochures (Fadli, 2021). The object being analyzed is how the regulation and application of the principles of Good Corporate Governance in the joint insurance business to improve service quality at AJB Bumiputera, through data collection based on interviews, observations and documentation. Then analyze the data with data reduction, namely by summarizing the main points, presenting the data then concluding and verifying the data using triangulation of sources and techniques. This research uses SWOT analysis to investigate the tactics used by Bumiputera Syariah Life Insurance Company to improve service quality through the implementation of good corporate governance (GCG). Furthermore, determining the rating and weight based on the number of respondents in the assessment given by the researcher, then the results are obtained according to the indicators in each IFE and EFE matrix.

4. Findings and Discussions

The following results and discussion will explain how Bumiputera Syariah Life Insurance Company has improved service quality through the use of good corporate governance (GCG) principles.

4.1 Measurement of Good Corporate Governance (GCG)

Several tools are used, including business policies, articles of association, and company bylaws,

to implement GCG (Henik Haris Astuti, 2018) Internal company rules include:

1. Directors' work instructions and commissioners' work instructions
2. Company ethical standards
3. Key performance indicators
4. Internal control system
5. Audit committee guidelines
6. Risk management
7. Information management system guidelines
8. Notification management policy.

Among the several points described above, the implementation of GCG principles at AJB Bumiputera has been outlined in the 2018 Annual Report after completing the Status Manager task. For example, many concepts are used and utilized. Integrated management tools include risk management rules, risk management units, internal audit and compliance departments, and commitment to risk management, whose existence is a manifestation of the principle of accountability. However, by applying the principle of transparency, the annual report shows that AJB Bumiputera has applied the principle of information disclosure in such a way that information about the company is available to interested parties, albeit insufficiently. In general, many aspects that are not explained in more detail in the report are still unclear.

4.2 Principles of Good Corporate Governance (GCG) in Improving Service Quality in Insurance Companies

The Decree of the Minister of State/Head of Investment and Development of State-Owned Enterprises (SOEs) in 300, specifically H, contains the GCG law for Indonesia. The application of sound business principles to the administration of a company to optimize its interests is known as good corporate governance. Companies in Indonesia adhere to the GCG principles, which were created by the Organization for Economic Cooperation and Development (OECD) and stand for transparency, fairness, accountability and responsibility. The 2006 KNKG23 outlines the principles of GCG, which include responsibility, accountability, openness, independence and fairness. The following is a statement of GCG principles:

1. Transparency (openness) requires that for all interested parties, the organization offers quick, easy, and reliable access to relevant information. This report includes non-financial information regarding the company's activities, organization, and conflicts of interest, in addition to information related to financing.
2. Accountability Making the roles, responsibilities, and organizational structure of corporate institutions transparent is the process of accountability, which enables effective business administration. The principle of responsibility, the clarity of the activities of corporate institutions in fulfilling their responsibilities so that the company's operations can be carried out in a successful, fair, open, and efficient manner.
3. Responsibility Accountability, compliance with relevant legal requirements, and the application of moral business conduct in the management of the company. The principle of responsibility is compliance with laws and regulations on corporate governance and ethical values, policies and practices consistent with sound insurance operations.
4. Independence The principle that the business should be managed skillfully, free from outside influence or conflict of interest, and in accordance with all relevant laws, regulations, and corporate ethical standards.

5. Fairness is exercising the rights that have been granted to the parties based on agreements, laws and regulations. In simple terms, justice or fairness is equal and fair treatment of all interested parties in enjoying their rights derived from agreements and applicable laws and regulations.

OJK Regulation No. 73/POJK.05/2016 on Good Corporate Governance of Insurance Companies (Keuangan, 2016) reads:

- 1) Transparency. Namely in the selection of decisions and in providing easy access to interested parties to information relating to insurance providers.
- 2) Accountability. To ensure open, fair, successful, and efficient business operations, insurance companies must fulfill their institutional obligations and keep their business procedures clear.
- 3) Liability, namely the suitability of the management of insurance companies with the conditions and ethical values of the insurance industry laws and regulations as well as the standards, principles, and practices of healthy insurance operations.
- 4) Independence, the state of an insurance company that is operated independently, ethically, and free from external pressure to violate any laws, rules, or regulations relating to insurance. standards, guidelines, best practices, and recommendations for carrying out health insurance operations.
- 5) Fairness is the impartial, equal, and fair application of the law to all parties involved, as defined by insurance industry laws and regulations, contracts, moral principles, best practices, and standards.

4.3 Implementation of Good Corporate Governance (GCG) Principles in Improving Service Quality at Bumiputera Joint Life Insurance Company

The theory of the principles of good corporate governance, the GCG Principles contained in the KNKG 200623 , and component data regarding good corporate governance from OJK Regulation No. 73/POJK.05/2016 concerning Governance of Insurance Companies (Keuangan, 2016) are specifically used by researchers to create five indicators that are appropriate for use in this study:

1. Transparency Principle

Although so far AJB Bumiputera has implemented the concept of transparency, in its application this has not been maximized or in other words, it has not been up-to-date by the company, this of course can be seen from the company's digital information (website) that there are annual, quarterly and monthly financial reports published on the AJB Bumiputera website, but the application of the principle of transparency is not fully maximized, because the published financial statements are only contained in the financial statements in 2022 only while in previous years they were not announced. In this case it can be concluded that the application and implementation of GCG on the principle of transparency has not been fully implemented by the management of AJB Bumiputera.

2. Principle of Accountability

The application or implementation of the principle of accountability in the AJB Bumiputera company so far has been carried out well, this is certainly evident from the existence of those

who regulate and are responsible for resources and management and implementation of activities in the company so that company activities continue to run conducive. In accordance with the working bodies of the AJB Bumiputera company and their respective responsibilities, namely:

- a) The highest negotiating body that sets policy and oversees operations in general is the Member Representative Body (BPA). Bumiputera members are elected by the BPA membership committee. If their insurance policy is still valid, they are appointed at least two years before the election, and their contract with the insurance company does not expire within the next five years, Bumiputera 1912 members are also eligible to be elected as BPA members. Members are native Indonesians who have personal life insurance coverage under contract with AJB Bumiputera.
- b) Directors (managers) who are responsible for the day-to-day management of AJB Bumiputera. The BPA appoints and dismisses the CEO for a set period of time. The board also sets guidelines that outline the amount of work to be done by each member. The board may consist of three or five members. At the BPA meeting, one of them is appointed as the CEO. Then, to rise to the position of leader, one must fulfill certain criteria. This is regulated in AJB Bumiputera's Articles of Association, especially for extraordinary workers and Indonesian residents who have reached the age of 60 years or more, have the spirit of Pancasila, and have no family relationship with the incumbent commissioner or commissioners. Or, directing downward or sideways up to two degrees.
- c) A board of commissioners consisting of three or five people, one of whom serves as president director. Members of the Board of Directors are appointed by and dismissed by the BPA. After an initial five-year term, the position is renewable, whereby board members are not entitled to report to the managing director at the same time.

It can be seen that AJB Bumiputera has implemented the principle of accountability so that its management can function effectively. The clarity of the company's institutions and their roles and responsibilities can be seen. Such as BPA which holds a meeting called the Annual Meeting every year, which discusses management reports related to company operations, determination of the new year's profit and loss statement and other matters relating to AJB Bumiputera.

3. Principle of Responsibility (Obligation)

The application of this principle of responsibility in the AJB Bumiputera company is by adjusting the management of the company in accordance with legal requirements, ethical standards, and healthy insurance industry best practices that have been regulated by the OJK and legislation specifically or in general. Its application in the AJB Bumiputera company is that the principle of responsibility has not been applied effectively and optimally, this can be seen from the many cases of default on claims by the company, and has not been able to cover the case of default on claims experienced by customers or insurance policyholders, but so far the AJB Bumiputera company continues to maximize efforts to cover the default case slowly.

4. Principle of Independence

The application and implementation of the principle in the company AJB Bumiputera has not been fully implemented properly and is also not fully effective. This is because the AJB Bumiputera business, which is a type of joint business organization, is owned by policyholders. The purpose of good corporate governance is to keep the owners and management of the company clearly separated. However, the company must be handled expertly and independently, free from pressure, influence, and outside interests, in accordance with the principle of independence. This is because there are no specific regulations governing Good Corporate Governance in joint ventures such as insurance companies.

5. Principle of Justice

The application of the principle of justice has not been fully applied and implemented in the AJB Bumiputera company, the application of this principle can be seen that there are many policyholders who still have not received their rights, namely related to the situation when policyholders experience default on claims, but in this case the AJB Bumiputera company also does not remain silent and forgets its obligations but the company is still trying to improve the quality of the company to normalize the company's financial condition and policyholders can get the same justice as other policyholders, namely getting claims that policyholders should get. And in this case related to the case of delayed claim payments caused by poor GCG factors. Currently the AJB Bumiputera company itself is still under the supervision of the OJK, in an effort to rescue and restructure the company's finances, a PNM program (decrease in the value of benefits) has been approved by the OJK, where pending claims are cut by a maximum of 50% to reduce liabilities or liabilities.

Based on the conclusions from the results of the explanation described above, the application and implementation of Good Corporate Governance in the AJB Bumiputera company has been carried out by the company but has not been fully optimized or in other words, its implementation has not been effective, such as the principles of transparency, principles of responsibility and principles of justice. Even though these three principles are one of the important principles in the implementation of GCG to improve the quality of service in the AJB Bumiputera company itself. Which of course with good and optimal service quality provided by the AJB Bumiputera company to policyholders or to prospective customers will be able to improve the quality of the company and can optimize the company's performance.

In this case to improve the quality of service at the AJB Bumiputera company, namely:

1) Principle of Transparency

Judging from the current condition of the AJB Bumiputera company, where the company is still not too up-to-date regarding the transparency of the company such as financial reports, this can be seen from the company's website. In this case the company must be more updated and based on the results of interviews with the leadership of AJB Bumiputera that the company is still in an effort to continue to improve the principle of transparency in order to improve the quality of service at the AJB Bumiputera company because with good service quality, of course, it is also an attraction for policyholders (customers) or for prospective customers.

2) Principle of Accountability

Regarding this principle, the company has implemented it, it can be seen from the existence of

a working body and the AJB Bumiputera company and their respective responsibilities. And the company still continues to improve the principle to improve the quality of service in the AJB Bumiputera company.

3) Principle of Responsibility

The principle of responsibility itself is still not well implemented in the AJB Bumiputera company, which can be seen from the fact that there are still many policyholders who still have not received their rights, namely in the form of insurance claims which until now have not been given by AJB Bumiputera to some policyholders. This of course also has an impact on the quality of service in the AJB Bumiputera company, because the good quality of service from a company is also seen from the principle of responsibility. However, until now AJB Bumiputera is still struggling and is committed to resolving claim arrears in 2020, namely 365,000 policyholders throughout Indonesia. (Accessed on CNBC, September 12, 2023)

4) Principle of Independence

The company AJB Bumiputera has not been fully implemented properly and also not fully effective because AJB Bumiputera is a special type of joint venture where policyholders run the business; good corporate governance emphasizes the division of ownership and management. This is because there are no special regulations governing Good Corporate Governance in joint ventures such as insurance companies.

5) Principle of Justice

The AJB Bumiputera company still does not apply this principle properly and effectively, even though this principle is very influential on the quality of service in the company, this can be seen from the case of default experienced by some policyholders, where they still have not received their rights and in contrast to some policyholders who have received claims for their insurance policies, but in this case the company is still trying to provide justice to all policyholders. Where this can be seen on March 06, 2023 then AJB Bumiputera has paid 7,805 claims to policyholders (Anggraeni, 2023).

4.4 AJB Bumiputera Company Strategy in Maintaining Good Governance to Improve Service Quality

In the absence of a mutual insurance law, AJB Bumiputera is only subject to the provisions in its articles of association, as explained earlier. Moreover, compared to incorporated companies or cooperatives, its articles of association are not so extensive. A State Council document titled Government Regulation No. 87/2019 on Joint Venture Insurance Companies (Indonesia, 2019) offers a more thorough examination of the administration of joint venture insurance companies. Later, the Constitutional Court declared this provision unlawful in its decision No. 87.32/PUU XVIII/2020. In addition, it is evident that GCG is at the core of POJK No. 73 of 2016 on good corporate governance of insurance companies (Keuangan, 2016). Although it has similarities with the GMS, the BPA (Member Representative Body) of mutual insurance company AJB Bumiputera is different. The BPA is not a standard shareholder company as it is an association of collaborators rather than a capital organization. Thus, it can be said that, in relation to POJK No. 73 of 2016, AJB Bumiputera has currently violated good governance standards.

An important role in the overall corporate governance structure is played by management and in-house legal counsel (the secretary of the insurance company). The role of in-house legal

counsel is to ensure proper implementation of regulations by management and supervisory bodies, assist the chairman of the Board of Directors or the Managing or Supervisory body in organizing meetings and be responsible for relations with shareholders. Managers participate in the day-to-day running of the insurance company in accordance with the company's strategy and the decisions made by management and supervisors. These people are usually placed in appropriately defined areas of the insurance company's business and need to have the necessary education, experience and knowledge to carry out their assigned responsibilities. Specific to the corporate structure of insurance companies, unlike other companies, it is mandatory to introduce control functions that undoubtedly improve corporate governance.

First of all, the Law on Insurance Supervision has more closely defined these functions, with a view to the stable and safe operation of insurance companies and the insurance sector in general. It is essential for insurance companies to understand well the risks involved in their operations and the liabilities they entail. This involves a good knowledge of the source of risks, types of risks, characteristics, internal relationships and potential business impacts, as well as the laws and regulations applicable to the insurance company and the employees involved in such risks. That is why it is important for insurance companies to have:

1. A good and efficient mechanism for identifying, evaluating, measuring, risk control, mitigation and monitoring;
2. Strategy, it is important to implement appropriate policies, procedures and guidelines to ensure compliance with internal strategies and policies, and applicable laws and regulations;
3. Adequate internal controls to ensure regulatory compliance and minimize the risk of regulatory compliance, and
4. The internal audit function can audit and evaluate the adequacy and effectiveness of regulatory compliance, internal controls, and policies and procedures. Control functions in insurance companies should be performed by persons who have integrity, competence, experience and appropriate qualifications. These persons should be able to demonstrate an appropriate level of knowledge and expertise in this area and to meet professional standards. The independence of control function holders is also a key issue and insurance companies can provide for this in various ways, such as direct reporting to supervisory authorities by control function holders and the like. According to the legislation of the Republic of North Macedonia, as well as the insurance outstanding internal corporate governance procedures, the following are control functions: internal audit function, actuarial function, risk management function, and regulatory compliance function.

Here, the author tries to explain some conclusions from the SWOT analysis related to the results of performance observations at the Bumiputera Syariah Life Insurance company and the results of interviews both inside and outside the analysis.

Strengths (S)

The main asset of Asuransi Jiwa Syariah Bumiputeras Peru is their capacity and competence to implement sustainable development with superior and competitive features. Strengths come from favorable human, financial, and material resources (land, buildings, past glories, etc.).

Weakness (W)

In insurance companies, especially Bumiputera Islamic life insurance companies, where one of the successes of Islamic insurance companies depends on the effective application of GCG

principles and transparency. In this case, Bumiputera Islamic Life Insurance needs to continue to increase transparency, especially transparency regarding existing financial reports, and in this case the company can continue to do and improve financial report updates on the company's website. In addition to the transparency factor of the company's financial statements, another weakness is that people who help human resources (HR) do not have knowledge of sharia business because there is currently a shortage of skilled HR staff. The entry of Islamic insurance companies into the market is a good thing for company expansion. But if human resources (HR) are not available to compensate, then this becomes ineffective.

Opportunities (O)

In this case, the future opportunities of the Bumiputera Islamic life insurance company are as we know that increasing awareness of the importance of the role of insurance for each individual. Not only that, where technological developments make it easier for distant AJB Syariah participants through online services and the company's website has all the relevant information.

Threats (T)

One of the threats to the Bumiputera Islamic life insurance company is that as we all know that there are more and more Islamic insurance providers with good business strategies. and also aggressive, this is certainly also a threat to the Bumiputera Islamic life insurance company to continue to gain its existence in the community amid the onslaught of the insurance business that continues to increase. In addition, technological developments have resulted in older participants not being able to keep up with company developments.

SO strategy

This approach is based on the company's mindset, which is to take opportunities and use all its resources. Prioritizing customer focus, consumer protection, and digital experience will help the life insurance industry produce the best goods and services as the digital transition accelerates to improve quality and growth.

WO Strategy

To maximize the possibilities that currently exist, the WO approach reduces current risks. Annual reports and financial statements serve as key communication tools between the company and its stakeholders. Therefore, the sensitive role played by the audit committee in ensuring that the financial statements fairly portray the company's operating conditions cannot be overstated. Companies need to mobilize to attract this important group of investors.

ST Strategy

By leveraging the company's assets, the ST strategy reduces risk. A company's perceived level of corporate governance implementation and its future performance and compliance are positively correlated, according to the corporate governance index. Theoretically, strong corporate governance can lower the likelihood of conflicts of interest, increase investor confidence in investment, and improve business performance. Each of these outcomes is favorable to the success of the company.

WT Strategy

A strategy that has an emphasis on thwarting threats, minimizing vulnerabilities, and adopting preventive measures. The creation of more effective and efficient company policies is a WT method that can be used by the Bumiputera Islamic Life Insurance Company in this situation. Not only that, the Bumiputera Islamic life insurance company must also pay more attention to the quality of service to AJB Syariah participants.

Table 1 Calculation of Weight and Rating Value of IFE Matrix

No	Dominant Internal Factors	Rating	Weighting (%)	Weight X Rating
	Strength			
1	Provides an important role through the benefits obtained by AJB Syariah participants	4	0,52	2,08
2	The company's strength is starting to return	3,75	0,48	1,8
No	Weaknesses	Rating	Weighting (%)	Weight X Rating
1	The transparency system is still lacking in terms of regular publication of annual reports.	3,75	0,39	1,46
2	Inadequate human resources (HR) with high capabilities	3,25	0,34	1,1
3	Performance measurement and evaluation is not done every month to get good HR.	2,5	0,26	0,65
Total			1,00	1,42

The explanation of the table above that the Internal Factor Evaluation (IFE) is: Strengths: The ability of the business to significantly increase the benefits received by AJB Syariah members and the fact that the business is recovering are its strongest points. Weaknesses: Frequent release of annual reports, insufficient highly skilled human resources (HR), and the absence of weekly appraisals and reviews of HR performance are some of the ongoing issues with the transparency system. For weaknesses, the overall Weight x Rating is 1.42, while for strengths it is 3.88.

Table 2 Calculation of Weight and Rating Value of EFE Matrix

No	Dominant External Factors	Rating	Weighting (%)	Weight X Rating
	Opportunity			
1	Increased awareness of the importance of the role of insurance for each individual	4	0,5	2
2	The development of technology makes it	4	0,5	2

	easier for AJB Syariah participants who are far away through online services and the data needed is available on the company's website.			
No	Threats	Rating	Weighting (%)	Weight X Rating
1	More and more Islamic insurance providers are using effective and robust strategies.	2,75	0,55	1,51
2	Technological developments mean that older participants are unable to keep up with company developments	2,25	0,45	1,03
Total			0,5	1,63

Based on the table above, it is known that the External Factor Evaluation (EFE) is:

Prospects: The company can benefit from increasing public awareness of the need for insurance for everyone and also from technological developments that make it easier for AJB Syariah customers to use online services. Risks: There may be an increase in the number of Islamic insurance companies that use strong and aggressive strategies, and technological developments can make it difficult for established companies to keep up with industry developments. Opportunities have an overall Weight x Rating of 4, while threats have a Weight x Rating of 1.63.

Table 3 SWOT Analysis Of Company Performance

	Strenght/S 1. Provides an important role through the benefits obtained by AJB Syariah participants 2. The strength of the company is starting to recover	Weakness/W 1. The transparency system is still lacking in terms of regular publication of annual reports. 2. Low competent human resources (HR) 3. Performance measurement and evaluation that is not carried out every month to get good human resources.
Oppertunities/O 1. Increased awareness of the importance of the role of insurance for each individual	Strategi SO 1. Maintain service and quality	Strategi WO 1. Add trained employees 2. Improve the quality of existing human resources

2. The development of technology makes it easier for distant AJB Syariah participants through online services and the required data is available on the company's website.	2. Improve services through applications or company websites 3. Maintain and improve the quality of the company's marketing	3. Always update the latest financial reports on the company website.
Threats/T 1. Increase the number of healthy Islamic insurance companies strategically and proactively. 2. Technological developments have resulted in older participants not being able to keep up with the development of the company	ST Strategy 1. Improve the quality of business performance 2. Improve the quality and quality of insurance benefits offered	WT Strategy 1. Establish more effective and efficient company policies 2. Pay more attention to the quality of service to AJB Syariah participants

Based on the SWOT Analysis table, that :

- SO Strategy (Optimizing Strengths to Realize Opportunities): The business can continue to provide excellent services while improving them through better websites, apps, and marketing.
- WO Strategy: Utilizing Strengths to Seize Opportunities Increase the number of workers undergoing training, improve the quality of human resources, and update financial information on the business website regularly.
- As a component of the ST strategy (Optimizing Strengths to Counter Threats), improve co-insurance benefits and company performance standards.
- WT Method: Overcoming Weaknesses to Counter Threats Create more effective and efficient organizational policies, and pay more attention to participants' satisfaction with AJB Syariah.
- By implementing this plan, the company will be able to capitalize on its advantages and capabilities while avoiding risks and difficulties.

5. Conclusion

The application of GCG to the maximum, the company management will work reasonably because it is to maintain the stability of all parties involved in it so that no one is harmed, especially investors. The company management will not work to prioritize their own needs even though they have the opportunity to do so, but they still prioritize the needs of investors. The main cause of the vulnerability of companies in Indonesia, especially in the economic sector, is related to the weak application of GCG which includes 5 principles, namely transparency, accountability, responsibility, independence and justice. There are several results of the

assessment of GCG, including insurance companies in Indonesia, which have shown less than optimal results and need improvisation while being comprehensive. The implementation of Good Corporate Governance in the AJB Bumiputera company has been carried out by the company, but it has not been fully optimized or in other words, the implementation has not been effective, such as the principle of transparency, the principle of responsibility and the principle of justice. Even though these three principles are one of the important principles in implementing GCG to improve the quality of service at the AJB Bumiputera company itself. Which of course with good and optimal service quality provided by the AJB Bumiputera company to policyholders or to prospective customers will be able to improve the quality of the company and can optimize the company's performance.

In addition, examining the internal and external components of the company with SWOT analysis is a methodology that can be used methodically to find many things in setting business strategies. By considering various competitive factors such as strengths, weaknesses, opportunities, and threats that exist in the company's business environment, new strategies are developed to anticipate competitive conditions. This is proven through the application of SWOT analysis. As a result, the Bumiputera Syariah Life Insurance company is able to create strategies to be applied in its business endeavors.

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