

ECOSYSTEM DEVELOPMENT IN SUPPORTING THE POST-COVID-19 HALAL INDUSTRY IN INDONESIA (APPLICATION OF SHARIA MICRO INSURANCE FOR UMKM)

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ABSTRACT

This study aims to propose a sharia micro insurance model, namely the Based Micro Insurance Model which is based on the principle of mutual help (ta'awun) as an effort to reduce the burden/risk, especially for MSMEs involved in the post-halal product/service industry. the COVID-19 pandemic in Indonesia. By using BOCR analysis, this ta'awun principle-based sharia microinsurance model can provide benefits for MSMEs in the halal industry sector and for Islamic insurance companies/LKMS in supporting government programs such as the national economic recovery program (PEN), especially for MSMEs. engaged in the halal industry, especially after the COVID-19 pandemic in Indonesia. In addition, there are risks that will be faced by both sharia insurance companies and LKMS in implementing this model for MSMEs such as moral hazard. However, good governance and IT application can reduce and prevent various risks including the risk of moral hazard that may arise in the application of this model.

Keywords: *Sharia Micro Insurance, MSMEs, COVID-19, Indonesia*

INTRODUCTION

Indonesia as a country with the largest and largest Muslim population in the world, of course, sharia insurance is very much needed in carrying out a more peaceful life to face the risks of tomorrow's uncertainties. Sharia insurance is also in line with 5 The purpose of maqashid sharia is to protect the soul, religion, mind, property, and descendants. In countries with a majority Muslim population, especially developed countries, sharia insurance is very comprehensive, massive, and integrated. Meanwhile, Indonesia as a developing country sharia insurance still has the potential to continue to grow along with market developments. Islamic finance.

The development of sharia insurance in Indonesia in the last five years has shown an increasing trend in terms of assets. However, there is a slowdown in terms of growth. Based on the statistical report of the Sharia Financial Services Authority (OJK) IKNB, sharia insurance experienced a slowdown in growth which had begun in 2016. 2017 with asset growth of 21.89% from the previous year and lower than the growth in 2016 which was recorded at 25.36%. Then, the contribution of sharia insurance to the Gross Domestic Product (GDP) is still very small when compared to the conventional insurance industry.

In addition, sharia insurance is currently also facing challenges with the low financial literacy of the Muslim community in Indonesia which was only 15.76% in 2018. This problem caused many people do not realize the importance of sharia insurance. Even though some researchers also say that access to insurance services is one of the important strategies in reducing the poverty level of a country, especially in developing countries including Indonesia.

Currently, the Indonesian government is developing the halal industry ecosystem as a post-COVID-19 economic recovery involving MSME actors. Indonesia itself has a special strategy for developing sharia insurance to support the halal industry in Indonesia, namely optimizing the use of sharia micro insurance for MSMEs, such as educating sharia insurance companies to develop their sharia micro insurance products and developing governance related to sharia micro insurance for SMEs. So it is hoped that the sharia insurance industry can encourage the development of the halal industry in Indonesia through the optimal role of sharia microinsurance for MSMEs.

Based on the explanation above, we are motivated to propose a sharia microinsurance model, namely the so-called Ta'awuni-Based Micro Insurance Model or a sharia micro insurance model based on the ta'awun principle (please help). This study also analyzes the proposed Benefit, Opportunity, Cost, and Risk (BOCR) model for the development of the halal industrial ecosystem after COVID-19 in Indonesia. This research is expected to make a positive contribution as a proposed business model, especially the sharia micro insurance model that can be implemented by both sharia insurance companies and related sharia micro financial institutions (LKMS) in developing sharia micro insurance products for MSMEs after the COVID-19 pandemic. Of course, for policy makers and the government, this research can be used as material for policy making in achieving the goal of developing the halal industry ecosystem in Indonesia.

LITERATURE REVIEW

Sharia Insurance

In general, insurance is an agreement between the insurer (insurance company) and the insured to provide compensation to the insured for the risk of loss stated in the agreement and the insured is obliged to pay premiums to the insurance company.⁹ Based on the decision of the Congress I Al Majma' Al Fiqhiy Al Islami (Fiqh Division of Rabithah Alam Islami) in 1978 in Mecca, also the decisions of other countries

Organization of Islamic Cooperation (OIC) at the 2nd conference in Jeddah in 1985, and Al Ma'syri As-Syar'iyyah AAOIFI in 2006 article (26) concerning At-Ta'min Al-Islami states that conventional insurance is haraam for a Muslim.

The scholars forbid insurance based on the arguments of the Qur'an and Sunnah because it contains a high level of gharar (obscurity), qimar (gambling), and contains usury transactions. However, world scholars have also issued fatwas as a substitute for conventional (commercial) insurance that is forbidden with permissibility, namely sharia insurance (ta'min ta'awuni) which is built on the basis of grants and mutual assistance where sharia insurance is insurance based on Islamic law as stated in the decision. National Sharia Council (DSN) fatwa no. 21/DSN/MUI/X/2001 concerning General Guidelines for Sharia Insurance.

Sharia Micro Insurance

Meanwhile, micro insurance, which is a derivative of insurance products, is known as 'insurance for the poor'. Meanwhile, by definition, sharia microinsurance is a process the initiative to join in a commitment and agreement that aims to provide mutual assistance to each other when there is a risk/disaster based on the principles of tabarru' (contribution), ta'awun (please help), and avoid the practice of usury (interest). Sharia microinsurance must also avoid the practice of gharar (obscurity), zhulm (unjust), risywah (bribery), and immoral practices (immorality). The purpose of developing sharia microinsurance is to increase the number of insurance ownership for people with low incomes as a solution in protecting the financial risks of the poor. Meanwhile, Sharia microinsurance also has characteristics such as features and administration that are simple, easy to obtain, low premium prices, and immediate and targeted claim payments for people in the informal sector.

Sharia Insurance Contracts

The contracts used in sharia insurance include sharia micro insurance, which include: First, the tijarah contract or a contract that is for commercial/business purposes in which the form of the contract uses mudharabah in which the sharia insurance company is the manager (mudharib), while the customer is the owner of the money (shohibul mal). When the term of the agreement expires, the premium that was contracted with the tijarah agreement will be returned along with the profit sharing.

Second, the tabarru contract or contract in the form of donations, grants, benevolence funds, or alms. Jumhur Ulama defines tabarru' with a contract that results in the ownership of property, without compensation, which is carried out by a person alive to another person voluntarily. In a tabarru' (grant) contract, participants provide a grant that will be used to help other participants who are affected by the disaster. . Meanwhile, the company acts as the manager of the grant fund (DSN Fatwa No. 21/DSN-MUI/X/2001 concerning General Guidelines for Sharia Insurance).

In addition, in these two tijarah contracts and tabarru' contracts, there are several contracts that follow in their implementation. These contracts include: (1) Wakalah bil Ujah contract; Wakalah in terms of language means to maintain, maintain, guarantee, submit, and replace. According to Hashbi Ash Shiddieqy, wakalah is a contract of surrender of power, in which a person appoints another person as his successor in acting (tasharruf). Temporary

According to Sayyid Sabiq, wakalah is the delegation of power by one person to another in matters that may be represented. Wakalah bil ujah is the granting of authorization from the participant to the insurance company to manage the participant's funds with the provision of compensation (ujrah/fee). (2) Mudharabah Agreement; The form of a tijarah contract which gives power to the company as mudharib to

manage the investment of tabarru' funds or participant's investment funds, according to the power or authority given, in return for profit sharing (nisbah) the amount of which has been agreed in advance.¹⁹⁽³⁾ Mudharabah Musytarakah contract ; Mudharabah Musytarakah contract is a contract in which the capital (wealth) of the sharia insurance company and the customer is combined to be invested and the position of the sharia insurance company as the manager.

Legal Aspects of Sharia Insurance in Indonesia

In Indonesia, sharia insurance already has legal aspects (legal) that have been issued by authorized government agencies, including: (1) DSN-MUI Fatwa no. 2001 concerning General Guidelines for Sharia Insurance; (2) Regulation of the Minister of Finance Number 18/PMK.010/2010 concerning Basic Principles of Conducting Insurance Business and Reinsurance Business with Sharia Principles; (3) Regulation of the Minister of Finance Number 11/PMK.010/2011

regarding Financial Health of Insurance Business and Reinsurance Business with Sharia Principles; (4) Law Number 40 of 2014 concerning Insurance; (5) POJK Number 67/POJK.05/2016 concerning Business Licensing and Institutional Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies; (6) POJK Number 69/POJK.05/2016 concerning Business Conduct of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies; (7) POJK Number 72/POJK.05/2016 concerning Financial Health of Insurance Companies and Reinsurance Companies with sharia principles.

METHOD RESEARCH APPROACH

This study uses a qualitative descriptive approach by conducting an exploratory study of the literature in support of the proposed model that will be discussed in this study. Meanwhile, the data used in this study are secondary data. According to Sugiyono (2005) secondary data is data sourced from the literature in the form of books and notes related to the research conducted. Meanwhile, the data collection techniques in this study are: (1) Literature study, namely data collection activities obtained from books related to research. (2) Documentary, namely data collection activities from articles, reports, and journals. -scientific journals related to the problems discussed in this research. In addition, this study uses the BOCR analysis technique (Benefit, Opportunity, Cost, Risk) to see for MSMEs in order to support the development of the post-COVID-19 halal industry ecosystem in Indonesia. BOCR analysis is an analysis of determining priorities based on the desired criteria as benefits and unwanted criteria as costs. Besides that, there are also criteria based on events in the future, which may occur as positive things (opportunity) and things that can lead to negative risks (risk).

RESULTS AND DISCUSSION

Proposed Based Micro Insurance Model

The author proposes a model called the Ta'awuni-Based Micro Insurance Model. This model is a sharia micro insurance model based on the principle of cooperation/help/ta'awun (mutual cooperative insurance). Where this model can provide insurance services for MSMEs is in the halal industry sector, so this model is proposed in order to support the development of the post-COVID-19 halal industry ecosystem in Indonesia. Meanwhile, the parties that will be involved in this model scheme are: (1) Takaful Operators; both sharia insurance companies and

Islamic microfinance institutions (LKMS). Meanwhile, the contract agreement (akad) used between takaful operators and insurance participants (MSMEs) is a representative agreement contract (akad

wakalah) in which the Sharia insurance company/LKMS acts as an administrator and also as an investment manager in accordance with the authority that has been given in exchange for a fee (ujrah) for the management of the tabarru funds of the donors/participants insurance. In addition, profit sharing contracts (mudharabah contracts) can also be used between takaful operators and insurance participants. Where the sharia insurance company as the manager (mudharib) and the participant as the owner of the capital (shohibul maal) who will get a percentage of profit sharing that has been mutually agreed upon. So that in this scheme the contract used is a combination model (wakalah and mudharabah contracts), where the takaful operator not only acts as a representative but also as an investment manager of the tabarru' funds collected from the participants.

(2) MSMEs; are participants/participants/policy holders who will contribute to the collection of grant funds under the tabarru' concept (helping principle) and at the same time who will benefit from this micro-insurance scheme. MSMEs are business actors in the halal product/service industry who will use the services of this sharia microinsurance, including insurance for its workers and business owners themselves.

(3) Sharia Supervisory Board; the board that functions as a supervisor ensures all operations run in accordance with sharia principles.

(4) Government, Amil Zakat Institutions, Private Companies/BUMN/BUMD, and Social Institutions; This party can act as a supporter of funds/donors in the form of donations of grants, zakat, waqf, infaq, sadaqah, and CSR funds as well as other aid funds. The government can contribute in providing financial support including grants for subsidies in assisting the payment of contributions from participants/MSMEs. Zakat funds from amil zakat institutions also have the potential to help MSMEs by providing subsidies for payment of contributions/premiums for MSMEs that are categorized as recipients of zakat funds. Grants and temporary cash waqf funds can be used to cover the shortage of claim funds in the event of a deficit using an interest-free loan scheme (qardh al-hasan). In addition, companies, both private and BUMN/BUMD, can contribute by channeling their CSR funds to assist in developing the implementation of sharia micro insurance models, such as development and research costs, and socialization costs in order to increase public literacy, especially MSME actors. In addition, grants, infaq, sadaqah from other organizations that can be used to support the smooth running of operational costs such as employee salaries, office rent and others.

CONCLUSION

Based on the explanation above, from this research it can be concluded that Indonesia has great potential in developing sharia microinsurance products for the perpetrators MSMEs that can assist the government in realizing the national economic recovery program, especially in an effort to support the development of the halal industry ecosystem in Indonesia after the COVID-19 pandemic. By utilizing the proposed model, namely the Ta'awuni-Based Micro Insurance Model in which this model involves sharia insurance companies/LKMS, government/amil zakat institutions/private companies/BUMN/BUMD, DPS, other social donation institutions, and MSME actors who focus on halal products/services in Indonesia.

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