

# Internal Control System of Investment Funds in Family Takaful Insurance at Bengkulu City

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ARTICLE INFO	ABSTRACT
<p><b>Keywords:</b> Internal Control System; Investment Funds; Tafakul Insurance;</p>	<p>This research aims to determine the internal control system for investment funds at the Bengkulu City Branch Family Takaful Insurance. To find out the investment fund control system in depth and comprehensively, the researcher used a qualitative descriptive method which is useful for providing information, facts, and data on the internal control system of investment funds at the Bengkulu City Branch Family Takaful Insurance. Then the data is described, analyzed, and discussed to answer these problems. From the results of this research, it was found that in the internal control system for investment funds at the Bengkulu City Branch Family Takaful Insurance, there were still some customers who did not accept the profits from the investments made because they were considered to be very low. The Bengkulu City Branch of Family Takaful Insurance is also still experiencing problems with data filing, sometimes the filing information provided by agents does not comply with the structure that has been implemented. However, overall the internal control system for investment funds at the Bengkulu City Branch Family Takaful Insurance is quite good.</p>

## INTRODUCTION

The large market share in Indonesia currently provides a broad scope for the industry to develop, including the insurance industry. In its development, to meet society's increasing and more complex needs, the insurance industry has innovated and developed by opening sharia insurance branches to meet society's needs. To create comfort both materially and morally. Supported by the Indonesian people, who are predominantly Muslim, they need a form of protection that is by sharia and teachings originating from the Koran and Hadith. So, many Sharia-based economic business sectors are developing to maintain the security and comfort of the Indonesian people.

Sharia insurance is one of Indonesia's sharia industries experiencing rapid development. The development of the sharia industry began in 1994, pioneered by PT Asuransi Takaful Keluarga. Like conventional insurance, Sharia insurance also offers investment products in addition to protection

facilities. However, unlike conventional insurance, the Sharia insurance operational system uses Sharia-compliant principles (Nurul, 2024).

The insurance business is a non-bank financial institution that has increasingly developed in line with the awareness of the public, especially urban communities, of the importance of the nature of insurance in anticipating losses, damage to goods they own, or loss of profits from a business activity they carry out. The insurance business has been present in the Indonesian economy for quite a long time and has played a role in the nation's history alongside other sectors of economic activity. No different from banks, insurance has been regulated in such a way in the Commercial Code (KUHD) and Law No. 2 of 1992 concerning the Insurance Business which became effective on February 11, 1992 (Hermansyah, 2011)

According to the provisions of Article 246 of the Commercial Code, what is meant by insurance is an agreement by which an insurer binds himself to an insured, by receiving premium money, to provide compensation to the insured due to a loss, damage, or loss of expected profits, which he may suffer due to an unspecified event.

From the provisions of Article 246 of the Commercial Code, it can be seen that the purpose of insurance is to prevent or reduce the risk of loss that may arise due to loss, damage, or destruction of the insured goods from an uncertain event. In other words, in principle, people become insurance customers to reduce risks that will occur and risks that may occur in the future by insuring these risks. In contrast to conventional insurance, Islamic insurance must operate the principles of Islamic law by eliminating the possibility of elements of *gharar*, *maisyir*, *usury*. The forms of business and investment that are justified by Islamic law are those that place greater emphasis on justice by prohibiting *usury* and by developing togetherness in facing business risks (Wirdyaningsih 2005).

Besides, the standard definition of sharia insurance in Indonesia is explained in DSN Fatwa No. 21/DSN-MUI/X/2001 concerning general guidelines for sharia insurance is an effort to protect each other and help each other among several people/parties through investment in the form of *assets* and/or *tabbaru'* which provides a return pattern to face certain risks through contracts (engagements) that comply with sharia (Rizki, 2014)

So far, the actual working mechanism of Sharia insurance in Sharia operations is a mutual responsibility, assistance, and protection among the participants. The company is entrusted by its customers to manage premiums, develop in a *halal* way, and provide compensation to those who experience disaster according to the contents of the agreement. However, as the process goes through regarding the working mechanism of this insurance, there are still customers who complain in each different period, at least in each period there are 2 (two) to 3 (three) customers who complain about the funds they invest in 5 For example, the profits are not in line with their estimates and their savings are decreasing due to cost cuts, even though they think that the funds they have been saving and used by the insurance company to invest are getting satisfactory profits.

## METHOD

The type of research used by the author is field research, namely, research carried out in certain community environments, both in community organizations and government social institutions. The approach used is a qualitative descriptive approach, namely trying to describe and provide information regarding the internal control system for investment funds carried out by PT. Family Takaful Insurance Bengkulu City Branch and draw in-depth conclusions.

In this research, informants were selected using a purposive sampling method, namely informants who were deliberately selected with the aim and purpose of representing the problem being studied. The informants selected were 2 (two) people, namely the Management and Employees of PT. Bengkulu City Branch Family Takaful Insurance.

To obtain research data, researchers used the following methods; Observations and Interviews. Then, the researcher used the Spradley data analysis model (Sugiyono, . In data analysis,

the researcher divided it into five stages, namely domain analysis, taxonomic analysis, componential analysis, cultural theme analysis, and data conclusion or verification (concluding and verifying).

## RESULT AND DISCUSSION

### Internal Control System for Investment Funds in Bengkulu City Branch Family Takaful Insurance

In handling the internal control system in a company that runs well, the Bengkulu City Branch Family Takaful Insurance has several systems. Namely a control system for selecting investment instruments, managing investment funds, identifying investment risks, a system for handling customers who complain about investment profits, provisions for providing sanctions for customers who terminate cooperation contracts before the contract expires, and the effectiveness of communication at PT. Bengkulu City Branch Family Takaful Insurance in recording and reporting appropriate transactions to maintain accountability.

Judging from the investment instruments chosen by this company, it is known that PT. Bengkulu City Branch Family Takaful Insurance can invest in all companies that have issued sharia deposits and also sharia sukuk shares, which were investments made by PT. Bengkulu City Branch Family Takaful Insurance is a long-term investment. Therefore, if a customer suddenly terminates the cooperation contract with Family Takaful Insurance, they will only get a small amount of the investment profits made because the funds that have been collected will also be deducted from other administrative costs such as tabbaru fees. This was explained by Mr. M. Arif Sudibyo in an interview conducted on April 5, 2018, as follows:

"For instruments at PT. Bengkulu City Branch Family Takaful Insurance includes all companies that issue sharia deposits and sharia sukuk. And all investments made by PT. This Family Takaful Insurance is a long-term investment" (*Statement 1*)

Furthermore, the internal control system for investment funds in the investment fund management system shows that to increase the level of profit in investing, the Bengkulu City Branch Family Takaful Insurance always monitors the progress of the funds that have been invested. The companies that collaborate with Takaful Insurance have very broad coverage. Both companies are located within the country and companies are located abroad. So it is more possible for customers and companies to obtain greater profits.

Apart from that, management and investment are directly managed by Central Insurance which is also directly supervised by the Sharia Supervisory Board (DPS) which plays a role in supervising investment products and policies so that they are always run by Sharia provisions and are also approved by the Indonesian Ulema Council (MUI) in determining the percentage of profit ratio to be obtained. This was explained by Mr. M. Arif Sudibyo as follows:

"For the company's strategy in this investment system, before carrying out an investment, the company will usually see which company's share value is currently increasing and rarely experiences a decline in share value. Insurance also invests more in deposits and sukuk. So usually the company will invest its capital into the company. However, back to the customers. Which company do they want to invest their capital in? And for the management of investment funds, it will be managed by the Center directly after the percentage of profit sharing from the investment to be made has received approval from the Indonesian Ulema Council (MUI)." (*Statement 2*)

Next is regarding the methods or controls carried out by PT. Family Takaful Insurance in identifying risks that occur in connection with investments being carried out. To avoid losses in investing, the Bengkulu City Branch Family Takaful Insurance always strives to control the funds that have been invested. The strategies carried out by the Bengkulu City Branch Family Takaful Insurance in identifying the risk of loss include looking for the main causes of risks that occur. If the risk occurs

due to a decrease in share value, the insurance company will immediately replace the placement of funds with companies whose share value is much more stable, so that the risk of loss can be minimized. This is very necessary for a company to do so that the investment process continues to run well and to maintain the effectiveness of the company's performance in increasing the amount of income so that it continues to run without any possible risks that could cause the company and its customers to experience large losses. The following is the explanation given by Mr. M. Arif Sudibyo as head of PT. Bengkulu City Branch Family Takaful Insurance based on interview results on April 5, 2018:

"In identifying risks to the investment being undertaken, first find out the cause of the problem. And usually, we also always monitor the level of share value. If the value of shares in a company always experiences a decline in the value of shares, then we will revoke and replace the placement of funds to other companies whose share value levels are much more feasible" *(Statement 3)*

However, apart from experiencing investment risks caused by the rise and fall of share values, PT. Family Takaful Insurance also experiences obstacles regarding the investments it makes. One of them is that there are still many customers who protest about the discrepancy in the results of the investment profits they have made. Many customers believe that the amount of funds they have invested so far is not commensurate with the profits they have received. So there are quite a few of them who think they are at a disadvantage. Based on the results of an interview with Mr. M. Arif Sudibyo, SH, Chairman of PT. Family Takaful Insurance Bengkulu City Branch on April 12, 2018, he explained that:

"Not a few customers come to the company to complain about small investment profits. Sometimes many of them immediately decide on their cooperation with Takaful Insurance. We don't know at the start whether there was a communication error between the agent and the customer, maybe the agent explained it but the customer didn't understand or maybe, it could also be that the agent didn't explain and the customer didn't read the brochure and policy that was given. However, the company cannot blame either of them. Because most losses are caused by falling share values. And we, the company, are trying to explain and provide understanding to customers so that in the future the same thing does not happen again" *(Statement 4)*

And also based on the results of an interview on March 12 2018 with Mrs. Linda Haryanti, as staff from PT. Family Takaful Insurance Bengkulu Branch, she explained as follows:

"There are several customers who come and complain about the investment profits they get. There are even some of them who suddenly terminate their contracts with Takaful Insurance. And we as the company always try to explain in a good way and it is a service risk if something like this happens" *(Statement 5)*

As the explanation above, it can be concluded that quite a few customers complain to PT. Bengkulu City Branch Family Takaful Insurance regarding the profits obtained from the results of investments made. The reason these customers complain is because of the incompatibility with the investment profits they get. And PT's strategy. The Bengkulu City Branch Family Takaful Insurance handles this by providing a good understanding for customers so that they understand that losses are not caused by the company, but rather that the risk occurs because the share value has decreased.

Then, looking at the PT decision system, Family Takaful Insurance in handling customers who terminate cooperation contracts before the contract expire, PT. Bengkulu City Branch Family Takaful Insurance does not impose sanctions on customers who terminate the contract before the contract period expires, but the company has other provisions. The customer will still receive a profit ratio from the investment he has made. However, the *ujrah* funds and *tabbaru'* funds that have been owned by the customer during the contract period become the property of the company and the

customer cannot take these funds for any reason by the contract or contractual agreement that has been explained in the beginning of recruiting prospective customers.

The last one is seen from the communication effectiveness system at PT. Bengkulu City Branch Family Takaful Insurance in recording and reporting appropriate transactions to maintain accountability. PT. Family Takaful Insurance Bengkulu City Branch still has problems and obstacles in filing and recording data due to a lack of communication between the leadership and the agents. This is because there are many agents located outside the Bengkulu City area, which makes it impossible for agents to come to the company at any time. Agents will come to the company only when reporting filings. This is done at least 2 (two) times a month, and there are even agents who come to the company only 1 (one) time a month. The leadership interacts with employees (agents) only by telephone, apart from that there are many leadership activities outside the office such as shareholder meetings, meetings of Takaful Insurance leaders at each branch in Indonesia, as well as other interests related to the company. The main factor is the lack of effective communication between leaders and employees. This was explained by Mrs. Linda Haryanti, a staff member of PT. Bengkulu Branch Family Takaful Insurance in an interview on April 12, 2018, as follows:

“Because at PT. The Bengkulu City Branch of Family Takaful Insurance only has 1 (one) staff and many agents, sometimes the agents are also less orderly in providing information so that it becomes an obstacle in filing” (*Statement 6*)

On the other hand, the explanation from Mr. M. Arif Sudibyo, SH, as Chairman of PT. Bengkulu City Branch Family Takaful Insurance on April 12 2018 as follows:

“One of the obstacles we have faced so far is because there are many agents owned by the company, both inside and outside the Bengkulu area, one of which is in the Lubuk Linggau area. This makes it difficult for us to communicate face to face, so communication can only be done by telephone. Because agents also have other jobs. Apart from that, they also cannot come to the office every day to report data and filing. Sometimes the filing information they provide is not by the structure that has been implemented” (*Statement 7*)

So, the lack of effective communication between staff and agents and between management and agents is still a major obstacle in company operations to support the recording and reporting of transactions that have been carried out.

### **Calculation System for Profit Sharing from Investments Made**

Percentage of profit-sharing ratio on investments made by customers and the PT company. Bengkulu City Branch Family Takaful Insurance is 15% for the company and 85% for customers. Customers who are owners of capital and the Bengkulu City Branch Family Takaful Insurance Company which functions as the one who runs and develops capital. So if you have obtained profits from the management and development of the capital, it will be shared between the customer and the company by the terms agreed upon by both parties, namely 85%: 15%.

The distribution of the profit-sharing ratio has been approved by the Indonesian Ulema Council (MUI) and is directly supervised by the Sharia Supervisory Board (DPS) so that customers do not need to worry about fraud involving funds and profits from the investments they have made. And it is also known that the profit ratio uses a mudharabah contract. Investment offered by PT. This family Takaful insurance is divided into 4 (four) types, namely: Aliya investment, Ahsan investment, Mizan investment, and also Istiqomah investment which customers can freely choose. This can make it easier for customers to invest their capital.

The following are the results of an interview with Mrs. Linda Haryanti, a staff at PT. Bengkulu City Branch Family Takaful Insurance. He explained that:

“ For investment, all nishabs are the same as other products. That is 15% for companies and 85% for customers. This product uses a mudharabah contract” (*Statement 1*)

Similar to the explanation given by Mrs. Linda Haryanti, Mr. M. Arif Sudibyo, SH also explained that:

" The same as other products, the profit-sharing ratio is 15% for the company and 85% for customers as capital owners. This investment product is divided into several types of investment, including Aliya investment, Ahsan investment, Mizan investment and Istiqomah investment. Customers are free to choose which type of investment to make and which companies to invest their capital in" (*Statement 2*)

To make it easier for customers to calculate the amount of profit from the investments they carry out, PT. Family Takaful Insurance Bengkulu City Branch created an illustration of the profit-sharing ratio calculation. The following is an illustration of the profit-sharing ratio for investments carried out, namely:

For example, the premium invested by the company is calculated as follows:

Mudharabah = investment funds x assumed investment returns

= 4,699,200 x 8 %

= 375,936/yr

Customers = 85% x 375,936

= 319,545.6

Company = 15 % x 375,936

= 56,390.4

Regarding the profit ratio determined in the mudharabah investment agreement in the Bengkulu City Branch Family Takaful Insurance, as explained above, it has been determined by the company with the provisions of the Sharia Supervisory Board (DPS) of 85: 15, 85% for participants and 15% for the company assuming an investment return of 8%.

Based on the research results above, the author analyzes that PT. Bengkulu City Branch Family Takaful Insurance always strives to carry out the company's performance as well as possible, especially in the investment system within the company. This can be seen from the existence of several systems in the internal control of investment funds, including a control system for selecting investment instruments, managing investment funds, identifying investment risks, a system for handling customers who complain about investment profits, provisions for providing sanctions for customers who decide cooperation contract before the contract expires, and the effectiveness of communication at PT. Bengkulu City Branch Family Takaful Insurance in recording and reporting appropriate transactions to maintain accountability.

Investments carried out by PT. Bengkulu City Branch Family Takaful Insurance is the entire fund collected from customers which is then invested in the investment sector in companies that issue sharia deposits and sharia sukuk. Funds deposited by customers every month are funds that are included in tabarru' funds and participant funds, where if a decision is taken by the customer, such as the customer quitting or withdrawing from insurance, then the funds already owned and the profits that have been obtained The investment results are not forfeited and the customer can withdraw the funds they own, while the customer's tabarru' and ujah fees are taken over by the company.

Apart from that, from the research results above, it was also found that there were obstacles faced by PT. Bengkulu City Branch Family Takaful Insurance in carrying out internal control regarding investment funds. For example, some customers stop making contracts with the company because they think that the investments they make do not have big profits and they feel disadvantaged by cutting costs which results in the level of profits obtained by these customers decreasing. Then the company also experienced other obstacles such as a lack of awareness among agents field when

carrying out filing reports. There are still discrepancies in the filing information provided by agents with the structure provided by the company.

Investment products offered by PT. Bengkulu City Branch Family Takaful Insurance is divided into 4 (four) products, including Mizan investment, Istiqomah investment, Aliya investment, and Ahsan investment. PT. The Bengkulu City Branch of Family Takaful Insurance is also directly supervised by the DPS (Sharia Supervisory Board) and has received approval from the MUI (Indonesian Ulema Council) for the distribution of investment profits. The profit ratio owned by PT. The Bengkulu City Branch Family Takaful Insurance is 85% for the customer as the owner of the funds and 15% for the company as the manager.

## CONCLUSION

Based on the discussion and results of research completed by the author at PT. Bengkulu City Branch Family Takaful Insurance, the author can conclude as follows: (1) The implementation of the internal control system for investment funds at this company has been running well. This can be seen from the way the company selects investment instruments, and how to identify and minimize risks and avoid risks that will occur. It's just that, PT. This Family Takaful Insurance still has problems in recording and reporting transactions appropriately to maintain company accountability because employees (agents) who are outside the Bengkulu City area are still less orderly in reporting bookkeeping, (2) The system for determining the profit sharing ratio carried out by this company is by sharia and has been approved directly by the Indonesian Ulema Council (MUI) where the profit sharing ratio is 15% for the company and 85% for customers as capital owners of investment funds made

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