

Analysis of Risk Management Strategies of PT. Asuransi Takaful Keluarga during the Covid-19 Period in Area of Sumatra 1

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Abstract

The purpose of this study is to determine the risk management strategy of PT Asuransi Takaful Keluarga using the SWOT and QSPM methods. The results of the risk strategy include: Placement of greater funds on investment, digital product branding, having marketers who would raise the Sharia economy, having SOPs and filing claims independently, continuing to pay Covid-claims, having sufficient capital, and maintaining credibilities. The results of the SWOT method show that the company is in quadrant I, which are carrying out an aggressive strategy by using the company's strengths to take advantage of every opportunity. The results of the QSPM method show five Priority Strategy: to take advantage of digital Sharia insurance brands to attract Muslim customers to avoid usury, increase marketers from preachers community, improve online service and information facilities, increase understanding and collaborate with local Islamic institutions which have no branches and enhance promotion and branding of company through digital tools.

Keywords

risk management; risk management strategy; SWOT; QSPM



I. Introduction

Insurance as a non-bank financial service institution is a company that bears various forms of risk so it is vulnerable to default. There are nine types of risks contained in insurance: Strategic Risk, Operational Risk, Insurance Risk, Credit Risk, Market Risk, Liquidity Risk, Legal Risk due to lawsuits or legal weaknesses, Compliance Risk, and Reputational Risk.

There are several international and national insurance companies that have been affected by risks such as the American International Group (AIG) Insurance (2008), while in Indonesia, such as : Jiwasraya Insurance (2019), PT Asuransi Jiwa Kresna or Kresna Life (2020), AJB Bumiputera Insurance (2018), Bumi Asih insurance (2013) and Bakrie Life insurance (2008) (kompas.com, 2019). Insurance companies often experience cases of default that come from liquidity risk, strategic risk to operational risk which certainly be able to have an impact on reputation risk.

However, among insurances, especially sharia life insurance which experienced default cases, there are still many other insurances that have good risk management capabilities, one of those is PT. Asuransi Takaful Keluarga. PT. Asuransi Takaful Keluarga has 9 sales offices throughout Indonesia. Especially for northern Sumatra, it is divided into 2 working areas, specifically Sumatra 1 and Sumatra 2, where Sumatra 1 covers the areas of Aceh, North Sumatra, Batam (partly) and Palembang (partly) which carry out orders from the center.

Currently, the whole world, including Indonesia, is in the era of the Covid-19 pandemic, so that the payment of claims for the sharia insurance industry has increased. PT. Asuransi Takaful Keluarga pays claims related to COVID-19 up to IDR 26.7 billion, but is still able to maintain the company's RBC from 303% (2019) to 324% (2020) exceeding 120% of the government's target. Risk Based Capital (RBC) is a ratio that shows how much capital an insurance company has in covering all of their claims (keuangan.kontan.co.id, 2009).

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The companies innovate and implement strategies continually, one of which is to increase the number of agents and pay death claims due to Covid in the field of digital technology. PT. Asuransi Takaful Keluarga also demonstrated its technology, which used to cost money to meet people, but currently is more efficient in terms of providing product information, registering policies and submitting policy claims via the internet. Through internal side, PT. Asuransi Takaful Keluarga seeks to increase the number of agents by conducting seminars for prospective of new agents. Both old and new agents were provided with insight into the products offered during the Covid-19 pandemic in the seminar. Through observations of researchers, the increasing in employee capacity was also carried out by PT. Asuransi Takaful Keluarga Insurance through internet by posting (providing) verses and hadiths. Not only PT. Asuransi Takaful Keluarga got the most astonishing thing in this Covid-19 era, but also able to win the "Indonesia Digital Popular Brand Award 2020" in the sharia insurance category for the effectiveness of company branding through digital media (takaful.co.id,2020). By achieving of that award proves that PT. Asuransi Takaful Keluarga is very responsive to the conditions which it faces. Furthermore, PT. Asuransi Takaful Keluarga as a Sharia Insurance, manages its risk management such as liquidity risk, strategic risk to reputation risk.

This study is to determined what kind of risk management takaful insurance has against the risks that arise. Researcher will try to discuss it until they can find alternative strategies that can help other insurance companies to survive in the midst of covid-19 by using the QSPM (Quantitative Strategic Planning Matrix) method to evaluate alternative strategies objectively, so the right strategy is obtained. Through the background, researcher is interested in conducting research on "Analysis of Risk Management Strategies of PT. Asuransi Takaful Keluarga During the Covid-19 Period in Area of Sumatra 1."

II. Review of Literature

2.1 Sharia Insurance

Sharia insurance (ta'min, takaful or tadhmun) is an effort to protect and help each other between a number of people/parties through investment in the form of assets and/or tabarru' which provides a pattern of returns to face certain risks through an agreement (engagement) in accordance with sharia.

2.2 Work Culture in Sharia Insurance

A company or institution after establishing the vision and mission of its establishment, certainly it is necessary to determine the values of the company that become the company's culture. No exception for Islamic insurance companies that are built is an

Islamic culture based on the instructions of the Al-Quran and As-Sunnah. There are the work cultures of sharia companies (Asy'ari Suparmin, 2019), as follows:

- a. Fathonah (Wisdom), is the notion of knowing, understanding, and living everything that encourages the quality of life. Thus, the human resources (SDI) of Islamic companies must be good learners and fast learners. Wisdom correlates with creativity and innovation so that it becomes a differentiator against others. Remember when Prophet Sulaiman (as) was offered by Allah SWT between knowledge/wisdom. By having knowledge, then wealth / position can be achieved by him.
- b. Amanah (Trust), based on the analysis of Stephen Covey, author of best seller 7th habits and 8th Habits, that in this world there is no speed exceeding the speed of trust in one's decision making. Trust will become a self-brand that is deeply rooted and attracts people's interests. Remember how Prophet Muhammad SAW built the element of trust so that he got a self-brand as Al-Amin.
- c. Shiddiq (Truthful), truthful or trustworthy is the main building of trust. The destruction of honesty will destroy all the characters in SDI which will also destroy the spirit of a company.
- d. Tabligh (Communicative), is ones who are sociable, not complicate, and also master communication well. Communicative is an opportunity to convey messages, advices, and models of behavior that can be imitated because they are driven by sympathy and empathy.
- e. Istiqomah (consistency), is firm, earnest and adhere to principles in the implementation of Islamic values without being swayed by temptation. SDI who istiqomah will not easily give up or back down just because of obstacles. The Prophet Muhammad and his companions became models of Istiqomah to maintain their faith eventhough they were isolated, even until they were expelled from Mecca and migrated to Medina.

2.3 The Process of Risk Management

There are 4 ways to identify company risk management, as follows (indra siwanti, conie, novita, 2020):

- a. Identifying problems, which companies looking for risks that will occur when it implements a new program or strategy.
- b. Determining the most important problem, which the manager chooses the most priority risk to be resolved.
- c. Decision making, after the problem is found and the decision is the most important problem is determined.
- d. Evaluation, the manager evaluates whether the decision is right or not.

2.4 Risk Management Insurance Sharia Company

The risk management contained in Islamic insurance companies (SEOJK No.14, 2015) as follows:

- a. Strategic risk is the risk due to inaccuracies in strategic decision making and failure to anticipate changes in the business environment. Strategic Parameters include: Strategy Suitability with Business Environment Conditions, LJK Business Strategy in Financial Conglomerate, LJK Business Position in Financial Conglomerate and Achievement of LJK Business Plans in Financial Conglomerate.
- b. Liquidity risk is the risk due to the Company's inability to meet its maturing obligations. Liquidity parameters include: Composition of Assets, Liabilities and Administrative Account Transactions (TRA), Concentration of Assets and Liabilities, Vulnerability in Funding Needs, Access to Funding Sources.

- c. Reputational Risk is a risk due to a decrease in the level of trust of stakeholders due to negative perceptions of the Company. Reputation parameters include: Effect of Reputation of Owners of Financial Conglomerates and Other Companies With Ownership, Control and/or Management Relationships, Business Ethics Violations, Product Complexity and Business Cooperation of LJK in Financial Conglomerates, Frequency, Materiality and Exposure of LJK Negative News in Financial Conglomerate, Frequency and Materiality of Customer Complaints.

III. Research Method

This study used qualitative research methods. The object in this study were PT. Asuransi Takaful Keluarga which is located on Jl. Setia Budi, Setia Budi Center Complex 1 Block C Medan. Because PT. Asuransi Takaful Keluarga is considered to have had good risk management in terms of liquidity risk, strategic risk to reputation risk during the covid-19 period. Data collection techniques in this study through observation, interviews, documentation, and questionnaires. The type of data used is primary data in the form of interviews with management and sharia insurance experts. As well as secondary data obtained from financial reports published by PT. Family Takaful Insurance 2017-2020, Family Takaful Insurance module, related journals and books. The data analysis technique uses IFE and EFE matrices, SWOT (Strength, Weakness, Opportunity, Threats) and Internal-External (IE) matrices, and QSPM (Quantitative Strategic Planning Matrix) matrix to determine strategic priorities.

IV. Results and Discussion

PT. Syarikat Takaful Keluarga as the first sharia life insurance company in Indonesia and inaugurated by the then Minister of Finance of the Republic of Indonesia, Dr. Mar'ie Muhammad, and started operating since August 25, 1994. PT Asuransi Takaful Keluarga has been operating with global operating standards based on quality management system certification ISO 9001:2015. To find out what kind of risk management Takaful insurance has against emerging risks are, by identifying internal factors and external factors through interviews with Regional Managers Sumatra -1 and Sharia Insurance Experts, then the results of these interviews are analyzed using IFE and EFE matrices, IE matrix, matrix SWOT, and QSPM matrix with the following results:

Table 1. Matriks IFE (*Factor Internal Evaluation*)

No	Strategic Factors	Weight	Rating	Score
	Strength			
1	The funds deposited are relatively large for instruments that enter the money market which are safe than those which are not safe	0,08	3,4	0,29
2	PT. Asuransi Takaful Keluarga is the pioneer of the first Sharia Insurance in Indonesia	0,10	3,9	0,39
3	Product branding done digitally	0,10	3,9	0,37
4	PT Asuransi Takaful has marketers who are determined to raise the sharia economy	0,10	4,0	0,40
5	PT Asuransi Takaful has <i>Standard Operating Procedure</i> (SOP) of submitting claims independently without having to come to the branch	0,10	3,9	0,39

6	PT Asuransi Takaful keeps paying Covid claims eventhough the government has issued a pandemic status	0,09	3,7	0,34
7	The managers and the leadership at PT Asuransi Takaful have never done anything bad that has an impact on the company's reputation	0,09	3,7	0,33
8	PT Asuransi Takaful able to compete financially	0,10	3,8	0,36
	Weakness			
1	PT Asuransi Takaful does not have branch offices for all major cities	0,08	3,2	0,26
2	The placement of the majority of funds into sharia shares and sharia mutual funds even though the performance of the Jakarta Islamic Index (JII) in the last five years has decreased	0,08	3,4	0,29
3	The minimal of marketing officers in potential areas	0,08	3,7	0,29
	Total	1,00	40,56	3,70

Source: researcher's data (2022)

The highest score of the strength factor of PT. Asuransi Takaful Keluarga is "having a marketer who is determined to grow sharia economy" with a value of 0.40. Regarding to the weakness factor, the highest score is found in the factor of "Placement of the majority of funds to sharia shares and sharia mutual funds even though the Jakarta Islamic Index (JII) has decreased in the last five years" with a score of 0.29. While the highest score of the opportunity factor owned by PT. Asuransi Takaful Keluarga, such a "Customers and prospective customers of PT Asuransi Takaful have considerations of wanting to avoid usury in choosing insurance products" with a score of 0.35. For the threat factor, the highest score is found in the factor of "The increasing number of sharia insurance products in the market is a threat to PT. Asuransi Takaful is in the same product development" with a score of 0.30.

Table 2. Matriks EFE (*Factor External Evaluation*)

No	Strategic Factors	Weight	Rating	Score
	Opportunity			
1	The number of Muslim population in Indonesia provides benefits to the company	0,08	3,8	0,32
2	Customers and prospective customers of PT Asuransi Takaful have considerations of wanting to avoid usury in choosing insurance products	0,09	3,9	0,35
3	Due to COVID-19 pandemic, it indirectly adds to the public's interest in having self-protection such as insurance	0,08	3,7	0,30
4	Technology improvement makes prospective customers to access information easily	0,09	3,9	0,34
5	PT Asuransi Takaful gets the benefit from the raise and development of other Islamic Financial Institutions	0,09	3,8	0,32
6	PT Asuransi Takaful gets the benefit by religionist <i>influencer</i> to use Islamic financial products	0,08	3,6	0,30
7	PT Asuransi Takaful gets the benefit by the increasing cost of education and health costs	0,09	3,9	0,35
	Threat			
1	The Covid 19 pandemic triggers an increase in insurance claims of PT Takaful	0,08	3,4	0,28
2	Customers have traumatic feelings on previous insurance by considering insurance policies	0,08	3,3	0,26

3	The number of competitors in the sharia insurance industry is a threat to PT Asuransi Takaful	0,07	3,2	0,24
4	The increasing number of sharia insurance products in the market poses a threat to PT. Takaful Insurance in the same product development	0,08	3,7	0,30
5	Literacy (knowledge, skills and confidence) in the financial sector in a low society is a threat to PT. Takaful Insurance	0,08	3,7	0,29
Total		1,00	43,78	3,66

Source: researcher's data (2022)

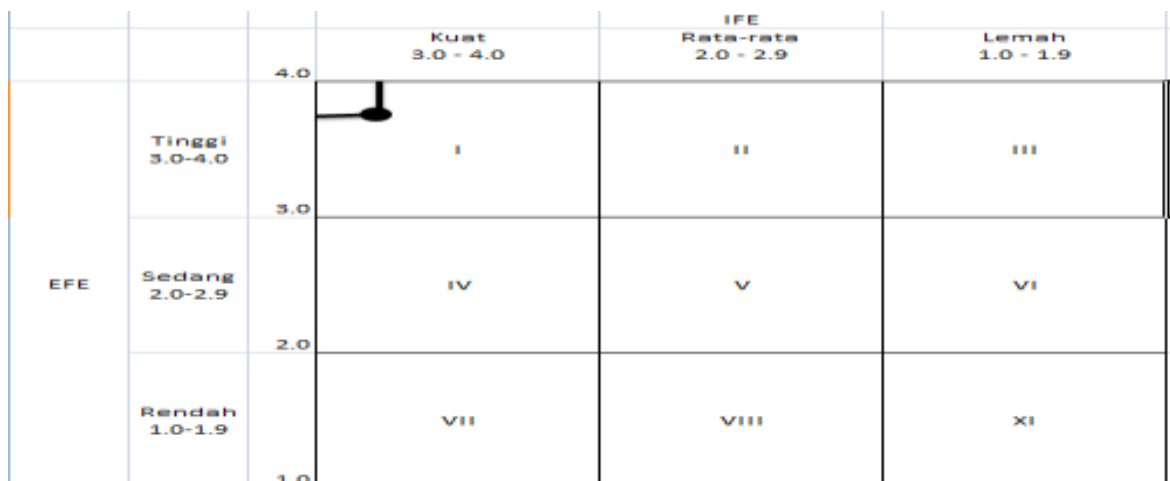
After knowing the company's internal and external factors obtained from the IFE and EFE matrices, to optimize the company's strengths in seizing opportunities and facing threats, we can map out the strategy in four parts as shown in table 3.

Table 3. SWOT Matrix

IFE EFE	Strength	Weakness
Opportunity	S-O Strategy 1. Get the benefit of sharia insurance brands digitally to attract Muslim customers to avoid usury 2. Increase marketers from preachers community	W-O Strategy Increase understanding and establish cooperation with Islamic institutions in areas where there is no insurance branch of Takaful
Threat	S-T Strategy Improve online service and information facilities that are easily accessible to potential customers	W-T Strategy Increase promotion and company branding through digital medias (radio, television, YouTube and so on)

Source : processed data (2020)

After the SWOT results are known, to see the company's position in determining future strategies using Mariks IE, the IFE weighted score on the X axis and the EFE weighted score on the Y axis. The following is an explanation of Figure 4:



In this IE matrix, the total IFE value of 3.70 is in the strong position, while the total EFE value of 3.66 is in the high position. So it can be seen that PT. Asuransi Takaful Keluarga is in quadrant I, which it is in a growing and developing position, what recommended is market penetration, product and market development. After knowing the strategies and positions that exist at PT. Asuransi Takaful Keluarga, then the next stage is

the selection of the most appropriate strategy. Various alternative strategies are ranked according to their level of importance using the QSPM (Quantitative Strategic Planning Matrix) matrix to determine strategic priorities. Such as:

- a. Get the benefit of sharia insurance brands digitally to attract Muslim customers to avoid usury
- b. Increase marketers from preachers community
- c. Increase understanding and establish cooperation with Islamic institutions in areas where there is no insurance branch of Takaful
- d. Improve online service and information facilities that are easily accessible to potential customers
- e. Increase promotion and company branding through digital medias (radio, television, YouTube and so on)

Based on the results of the QSPM assessment, the order of the highest to lowest TAS values was obtained. then obtained several alternative priority strategies that must be carried out by PT Asuransi Takaful during the Covid-19 Period, as follows:

1. Get the benefit of digital insurance brands to attract Muslim customers to avoid usury (5,887). People who want to emigrate to sharia-based finance to avoid usury can be the right momentum to take advantage of digital sharia insurance brands to attract Muslim customers, since the sharia insurance brand attached to their company. Even without the "Sharia" label, most people already know that Takaful is sharia insurance and this is the biggest strength of PT. Asuransi Takaful Keluarga.
2. Increase marketers from preachers community (5,220). Marketers from the dakwah circle have confidence in the people around them so that it will be an easy power to invite prospective customers in choosing sharia insurance.
3. Improving online information and service facilities that are easily accessible to potential customers (4,811). Improving online service and information facilities that are easily accessible by potential customers with devices such as mobile phones and the benefits of the insurance delivered easily to people is also a priority to be implemented.
4. Increase understanding and establish cooperation with Islamic institutions in areas where there is no branch of PT Asuransi Takaful Keluarga during the Covid-19 Period (4,763). PT Asuransi Takaful Keluarga can increase understanding and establish cooperation with Islamic institutions in areas that do not have branches, such as: conducting seminars or small discussions related to takaful and establishing cooperation in every mosque by opening Takaful posts, as well as collaboration with BWI, BAZNAS and campuses and other Islamic colleges.
5. Increasing company promotion and branding through digital medias (radio, television, YouTube, etc. (3,921) Improving company promotion and branding through digital medias such as: promotions on Islamic radio broadcasts, promotions on television before Adzan, as well as advertisements on YouTube before entering the main site, it is necessary to remind the public about the existence of Takaful.

There are several strategies that need to be carried out for insurance at this time based on the results of interviews with experts, including:

- a) IT must be strengthened, human resources are of higher quality, with excellent service.
- b) Financial consultants (agents) must provide education to the public.
- c) Obey all the regulations that have been set by the regulator.

V. Conclusion

The conclusions related to the formulation of the problem based on the results and discussion of researchers, include:

- a. Risk Management Strategy of PT Asuransi Takaful Keluarga during the Covid-19 Period:

Liquidity risk is the risk due to the Company's inability to meet maturing obligations. Liquidity risk faced by PT. Family Takaful Insurance, such as: the placement of funds is greater in investment securities than the total owned by the company. Strategic risk is the risk due to inaccuracy in decision making and failure to anticipate changes in the business environment. The strategic risks faced by PT. Family Takaful Insurance, such as: Digitally branding products, having marketers who are determined to grow the sharia economy, having a standard operating procedure (SOP) and submitting claims independently through the internet, keep paying covid claims even though the government has issued a pandemic status, having sufficient capital to compete with other sharia insurance. Reputation risk is the risk due to a decrease in the level of trust of stakeholders (stakeholders) due to negative perceptions of the Company. Reputational risk faced by PT. Family Takaful Insurance, such as: as the pioneer of the first sharia insurance in Indonesia, the company always strives to maintain credibility so the company's reputation is maintained, the managers and leaders of PT. Asuransi Takaful Keluarga has never done anything bad.

- b. The results of the risk management analysis of PT Asuransi Takaful Keluarga in Sumatra-1 using the SWOT and QSPM methods during the Covid-19 period, as follows:

1. Through the processed SWOT data, the strategy carried out by PT Asuransi Takaful Keluarga during the Covid-19 period was in quadrant I, specifically carrying out an aggressive strategy by using the company's strengths to take advantage of every opportunity. It is known from the IFE matrix, the score on the highest strength factor owned by PT Asuransi Takaful Keluarga is a marketer who is determined to grow the sharia economy. In addition, PT Asuransi Takaful Keluarga also has a SOP for submitting claims without having to come to the branch. With the development of technology today, it makes strategic opportunities for PT Asuransi Takaful Keluarga in online submissions easier to implement according to the opportunities from the EFE matrix owned by PT Asuransi Takaful Keluarga that technological improvement provides easy access of information.
2. Using the QSPM method, it shows that there are five priority strategies in PT Asuransi Takaful's Risk Management during the Covid-19 period, such as: a) Get the benefit of digital insurance brands to attract Muslim customers to avoid usury. b) Increase marketers from preachers community, c) Improve online service and information facilities that are easily accessible to prospective customers, d) Increase understanding and establish cooperation with Islamic institutions in areas where there are no branches of PT Asuransi Takaful Keluarga during the Covid Period -19, and e) Improving the promotion and branding of the company through digital medias (radio, television, YouTube, and so on).

Suggestion

Considering the fluctuating economic growth, it is better to be more careful. Through the experience of many insurance companies who experience default cases because their fund management strategies are too risky.

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