



## **INSURANCE AND SHARIA COOPERATIVES IN INDONESIA (Philosophical, Historical, Juridical and Sociological Studies)**

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### **Abstrak**

Paper ini bertujuan untuk mengoptimalkan asuransi dan koperasi syariah di Indonesia, yang ditinjau dari kajian filosofis, historis, yuridis dan sosiologis. Metode yang digunakan adalah library research yang mengkaji literatur yang dianalisis secara kualitatif dengan menggunakan pendekatan sosiologis, pendekatan sejarah, pendekatan Yuridis dan pendekatan filosofis. Hasil penelitian menunjukkan bahwa asuransi dan koperasi sama-sama mengusung semangat kebersamaan dan saling tolong menolong. Semangat asuransi dan koperasi sudah mengakar di masyarakat Indonesia, hanya saja tidak melembaga secara teratur. Pemerintah Indonesia berupaya secara yuridis mengakomodir asuransi dan koperasi dalam berbagai peraturan perundang-undangan, namun masih perlu adanya ketegasan dan kejelasan terkait undang-undang asuransi syariah dan koperasi syariah, terlebih jika terjadi sengketa. Selain itu asuransi dan koperasi perlu ditingkatkan praktik dan pemahamannya agar kebermanfaatannya terasa bagi masyarakat.

**Kata Kunci:** *Asuransi Syariah, Koperasi Syariah, Filosofis, Yuridis, Historis dan Sosiologis*

### **Abstract**

This paper aims to optimize Islamic insurance and cooperatives in Indonesia, which is reviewed from philosophical, historical, juridical and sociological studies. The method used is library research which examines literature which is analyzed qualitatively using a sociological approach, historical approach, juridical approach and philosophical approach. The results of the study show that insurance and cooperatives both carry the spirit of togetherness and help each other. The spirit of insurance and cooperatives is deeply rooted in Indonesian society, it's just that they are not institutionalized on a regular basis. The Indonesian government is trying to legally accommodate insurance and cooperatives in various laws and regulations, but there is still a need for firmness and clarity regarding the law on sharia insurance and sharia cooperatives, especially if there is a dispute. In addition,

insurance and cooperatives need to improve their practice and understanding so that their benefits are felt by the community.

**Keywords:** *Sharia Insurance, Sharia Cooperative, Philosophical, Juridical, Historical and Sociological*

## A. INTRODUCTION

Along with the rapid study of Islamic economics, it turns out that it has been accompanied by the development of real Islamic economic practices, for example, Islamic banking, Islamic mutual funds, Islamic capital markets, Islamic bonds, as well as Islamic insurance and Islamic cooperatives. This is due to the encouragement of the Indonesian government which sees the potential of the majority of its citizens, most of whom are Muslim citizens (Prandawa et al., n.d., p. 33). Sharia Insurance and Islamic Cooperatives, as the focus of the study in this paper, have also experienced very rapid development, although not as fast as the development of Islamic banking. However, the phenomenon of the development of Islamic insurance turns out to give rise to various views. This is inseparable from the point of view or methodology of legal withdrawal (Akbar, 2021, p. 357) towards the practice of Sharia insurance and the Sharia Cooperative itself. (Irawan, 2018, p. 14).

The issue that we often hear regarding real economic practices is the assumption that the emergence of new economic institutions that were formally established in the Eastern world had not been institutionalized in an institution, such as insurance and cooperatives (Rofi'ah, 2013a, p. h. 135). This insurance institution, in the Western world, is an old item that has existed and has become an instrument as well as an economic engine in the modern era. As a result of the globalization process, this insurance institution was brought to the Islamic world. Thus, it is the duty of Islamic law to follow up or provide a response, either in the form of formal legality or in the form of Islamizing the institution.

The issue that is quite hotly discussed today, especially by Islamic thinkers is related to the legal status of insurance, namely whether insurance is haram or halal. Various opinions have been put forward to respond to this crucial issue. Thus, giving rise to three groups of Islamic thinkers with three different stances. The first group argues that insurance may take all forms; the second group rejects as a whole; and the third group agrees in some forms only. Even then, in the first group, there is conflict between the camps of the modern and orthodox clergy (Zaini, 2015, p. 166).

This is also an issue for Indonesian society, which incidentally is the majority of Muslims. Sharia insurance and Islamic cooperatives are still not the first choice. Apart from being literate, it is also due to the weak legal basis that underlies these institutions (Jannah & Nugroho, 2019, p. h. 169). This discussion will be the focus of this paper, which is

supplemented by an introduction to understanding the meaning of insurance and cooperatives and then viewed from a historical aspect as a real development of insurance in Indonesia. Then the juridical aspect as a legal basis in Indonesia in order to provide legal protection, (Putra et al., 2022) coupled with philosophical and sociological aspects.

## **B. LITERATUR REVIEW**

Ta'awun is linguistically interpreted as helping each other in virtue. Ta'awun is an attitude of mutual assistance to help others (Iryani et al., 2020, p. 413). Islam teaches Ta'awun in surah Al-Maidah verse 2 and Al-Muj is verse 9 which means: "... and please help you in (doing) virtue and piety, and do not help in committing sins and transgressions and fear Allah, Allah is very severe in punishment." And "O you who believe, when you hold a secret conversation, do not talk about making sins, enmity and committing disobedience to the Messenger. And talk about making good and piety. And fear Allah to whom you will be returned."

The concept of ta'awun in the Qur'an is divided into two, namely the first means asking for help from Allah SWT and the second means helping each other in the way of Allah SWT (Saputra, 2022, p. h. 43). The best way to strengthen monotheism is by instilling in oneself to always only ask for help from Allah SWT by praying and being patient. Realizing that this research has drawbacks because it only discusses the term ta'awun in strengthening monotheism and social solidarity, it is recommended to conduct research on concepts other than the term ta'awun which can strengthen monotheism and social solidarity.

There are four types of characteristics of people in working together, whether it's in a helping situation or when they are given help (Azizah et al., 2022, p. 78): 1). People who want to help and are helped In Arabic are called Al-Mu'in wal Musta'in, namely those who prioritize balance, meaning that if one day he is helped then someday he must help. 2). People who don't want to help and don't want to be helped, in Arabic this term is called La yu'in wa la yasta'in, which means they don't like to help and don't like being helped either, because they think that if they ask for help from others, they will make it difficult for those who are asked for help. 3). People who don't want to help, but want to be helped. The character of this kind of person is that whenever he faces difficulties and problems, he will definitely find someone else to help him. 4). People who want to help, but don't expect to be helped. Someone with this character is a person who has very high sincere knowledge.

## **C. DATA AND METHODOLOGY**

This research examines one of the problems surrounding insurance and cooperatives in Indonesia by applying a type of normative research, but it also uses a library research

method that examines the literature which is analyzed qualitatively (Muhammad Syahrur, 2022, p. 101). This paper uses a contextual approach, a historical approach, a conceptual approach, and a philosophical approach. This research examines efforts to strengthen sharia insurance and cooperatives in Indonesia.

## **D. RESULTS AND DISCUSSION**

### **1. Insurance and Cooperatives in the Trajectory of History**

Historically, the study of insurance or "coverage" has been known before and has been practiced in the midst of society, although in a very simple form. Because basically the concept of insurance that is manifested in the form of mutual assistance already exists with humans. When traced from the classic books of insurance, conventional insurance comes from the customs of the Babylonian people (4000-3000 BC), known as the Treaty of Hammurabi, which was collected by the king of Babylonia in 282 provisions (Code of Hammurabi) in 2250 BC. This agreement then developed into the practice of the Bottomry Contract around 1600-1000 BC which was practiced in Greek society. The practice of this agreement then developed in Rome, India, Italy, Europe and America (Nelly, 2021, p. 438).

The concept of insurance has actually been known since before Christ, which was carried out during the time of the Prophet Yusuf as told in QS. Yusuf verses 42-49, namely when the Prophet Yusuf as interpreted the dream of King Pharaoh. His interpretation was that Egypt would experience seven abundant harvests and seven years of famine. To deal with times of trouble (famine), the Prophet Yusuf as suggested setting aside some of the crops in the first seven years. This suggestion was followed by King Pharaoh so that the famine could be handled properly (Ningrum, 2013a, p. 52).

In Arab society itself, there is a system of 'aqilah which often occurs in pre-Islamic history and is recognized in Islamic legal literature. 'Aqilah is a way of closing the family of the killer against the victim (who was killed) (Ridlwan, 2016, p. h. 78). When a person is killed by a member of another tribe, the killer's family must pay a diyat in the form of blood money. The purpose of paying compensation for murder is to guarantee security against harm that can threaten all members of the tribe and to eliminate general harm that will befall one member at any time. Thus the tribes work hand in hand to overcome compensation that might one day befall them together. This custom of habit was then continued during the time of the Prophet Muhammad SAW.

Then at the time of the Prophet the system was practiced among the Muhajirin and Ansar. The aqilah system is to gather members to contribute in a joint savings known as "kunuz". This savings aims to provide assistance to the families of victims who were killed accidentally and to free slaves. This tradition was later adopted by Islam. This is because there are many virtues and benefits to this tradition or customs, including: a. This custom

maintains the balance of tribes and the power of revenge for each tribe and can reduce violence by members of other tribes. b. This custom makes a big contribution to the safety of the community and tribe, with the aim of sharing responsibility in paying compensation, and closely monitoring the activities and activities of its members. c. This custom reduces the burden on the individual in the matter of paying compensation. d. This custom could prevent bloodshed, which could result in total destruction for the tribes involved. e. This custom symbolizes the highest togetherness and excellent cooperation of the members of each tribe who help each other (Ningrum, 2013b).

The description above is the initial concept of the emergence of enthusiasm to carry out activities that resemble the initial principles of insurance, namely people who are lucky or have good luck helping people who are not fortunate by making joint contributions between members of the group to cover losses (disasters). that befell one member of the group (organization). However, in modern times, the development of insurance is more about its business content than the social values contained in insurance in its early stages. Then William Gibbon appeared, an Englishman who was the first to introduce insurance practices in a more organized and better organized company instrument. Then in its development, England experienced a significant development in 1870 after the issuance of the Life Insurance Company Regulations. Following later in the second half of the 20th century, Middle Eastern and African countries that practiced insurance in the form of *takaful* (Siddiq, 2017a, p. 47).

Regarding the history of the emergence of insurance in Indonesia, it started with Dutch business migrants who were brought by state intellectuals to Indonesia in 1845 to 1879. There was insurance to guarantee the lives of the airlines. Then in its journey, there are three periods of insurance history in Indonesia, namely the Dutch occupation period, the Japanese occupation period, and the period for Indonesia's independence. The first Dutch period (until March 1942). In the history of insurance in Indonesia, there were 36 Dutch airlines spread throughout the city and some of them joined state-owned insurance companies (BUMN). Second term, Japan (until August 17, 1945). In three and a half years, many companies have gone out of business as a result of the bad economic conditions. While the third period, namely during the independence of Indonesia (17 August to the present). During this period, several national private insurance companies besides Boemi Poetra began to emerge, such as Dharma Nasional (1954) which was currently merged into PT (Persero) Asuransi Jiwasraya, Iman Adi (1961), Djaminan (1962), Sukma Sedjati (1962), and Affan (1964). According to the Indonesian Insurance Council (DAI) until 2004, 60 life insurance companies had been recorded, consisting of state-owned enterprises, national private companies and joint ventures (Puspitasari, 2011a).

The development of sharia insurance in Indonesia only started in the latter half of 1994 which was marked by the establishment of PT. Indonesian Family Takaful Insurance on August 25, which was inaugurated directly by Mr. Mar'ie Muhammad as the Minister of Finance at that time, with the Decree of the Minister of Finance No. Kep-385/KMK.017/1994. The establishment of this sharia insurance was initiated by the Takaful Insurance Forming Team (TEPATI) which was spearheaded by ICMI through the Abdi Bangsa Foundation, Bank Muamalat Indonesia, Tugu Mandiri Insurance, Officials and the Ministry of Finance, Indonesian Muslim Employers. Actually PT. Family Takaful Insurance (Life Insurance) is a subsidiary of PT Syarikat Takaful Indonesia, while one of its other subsidiaries is PT. General Takaful (General Insurance). Then followed other sharia companies, such as Mubarakah Insurance (1997), MAA Assurance (2000), Great Eastern Insurance (2001), Putra Bumi Insurance (2003), Adira Syariah Insurance (2004), and so on (Wulandari & Kurniawan, 2022, p. 38).

Table 1, the development of conventional insurance in Indonesia.

No	Keterangan	1998	1999	2000	2001	Juli 2002
1	Asuransi Jiwa:					
	Negara	1	1	1	1	1
	Swasta Nasional	39	39	39	39	37
	Patungan	22	22	22	21	23
	Sub jumlah	62	62	62	61	61
2	Asuransi Kerugian:					
	Negara	3	3	3	3	3
	Swasta Nasional	81	82	80	79	79
	Patungan	23	23	24	23	22
	Sub jumlah	107	108	107	105	104
3	Reasuransi					
	Negara	1	1	0	0	0
	Swasta Nasional	4	4	4	4	4
	Sub jumlah	5	5	4	4	4
Total		174	175	173	170	169

Table 2. the development of Islamic insurance in Indonesia

No	Keterangan	1998	1999	2000	2001	2002
1	Perusahaan As. Jiwa Syariah	2	2	2	3	3
2	Perusahaan As. Kerugian Syariah	1	1	1	1	1
3	Cabang Syariah PAJ	-	-	1	2	4
4	Cabang Syariah PAK	-	-	-	1	2

Source: *The Book of Muhammad Amin Suma*

Even though in the 1990s Islamic insurance in Indonesia only had around 2 to four Islamic insurance companies, after entering the 2000s until now development has been relatively rapid. Until 2018-2019, the number of insurance companies as mentioned in Chapter 1 of this book sharia insurance has reached more than 30 insurance companies with

details: 25 Sharia Insurance Business Units (UUAS), 3 Full Sharia General Insurance (AUFS), 5 Full Sharia Life Insurance (AJFS), and 3 Sharia Reinsurance. This means that the growth and development of sharia insurance in Indonesia is not far behind conventional insurance, which now amounts to 123, with details of 79 general/loss insurance and 44 life/total insurance (Suma et al., 2021a, p. 159).

The history of cooperative traces based on sharia principles has existed in Islam, this has been known since the 3rd century Hijriyah in the Middle East and Central Asia which was theoretically put forward by Islamic philosophers, it is narrated that Rasulullah SAW had participated in a business partnership such as cooperatives including with Saibin Syarik in Medina. The Hanafiah, Syafiiyah, Hanabilah and Malikiyah schools agree (permit) Shirkah. It's just that there are several types of syirkah where there are differences of opinion between the four schools of thought (Sofiana, 2014a, p. 135).

Historically, a cooperative model based on Islamic values in Indonesia was initiated by a trade association known as SDI (Sarikat Dagang Islam) by Haji Samanhudi in Solo, Central Java, which brought together its members from Muslim batik traders (Hakim, 2020, p. 212). After the reform, the spirit of shari'ah economy and shari'ah cooperatives reappeared in this country. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, there are currently 150,223 sharia cooperatives in Indonesia operating in various types of institutions (<https://goukm.id/>, 2022). The birth of sharia cooperatives in Indonesia was based on the Ministerial Decree (Kepmen) of Cooperatives and SMEs of the Republic of Indonesia Number 91/Kep/M.KUKM/IX/2004 dated 10 September 2004 concerning Guidelines for Implementing Sharia Financial Services Cooperative Business Activities. However, the legal basis for sharia cooperatives in Indonesia actually does not only refer to the ministerial decree, because juridically various legal regulations are used by sharia cooperatives as an institutional basis and institutional operationalization.

## **2. Philosophical Insurance and Cooperatives**

Sharia insurance in Indonesia is often known as takaful. The word takaful comes from takafala-yatakafalu, which means guarantee or mutual guarantee (Ulpah, 2021, p. h. 140). Muhammad Syakir Sula quoted by Amin Suma defines takaful in the sense of muamalah as sharing risks between people, so that one another becomes the bearer of the other's risks (Suma et al., 2021b). In the Encyclopedia of Islamic Law, the term at-takaful al-ijtima'i or solidarity is used, which is defined as the attitude of members of an Islamic community who think about, pay attention to, and help overcome difficulties, members of an Islamic community who feel the suffering of another as their own suffering and their luck is also another good luck (Hannan & Muzakki, 2021, p. 86).

From the explanation of the definitions of insurance, conventional insurance and sharia insurance above, it can be concluded that general and sharia insurance are basically and in reality a form of agreement/agreement of the parties to mutually guarantee protection for risks (disasters) that may occur if not said to be certain. The difference is, in conventional insurance the mutual liability agreement is made between the insurance company as the Insurer and the insurance participants as the Insured; whereas in sharia insurance, agreements occur internally with fellow members of the association/insurance participants on the one hand to provide tabarru funds, and between groups/each insurance participant with the insurance company as the manager on the other hand to protect and guarantee each other's risks/ calamity that befell members of the group of insurance participants (Suma et al., 2021b).

The purpose of insurance in general is to transfer the risk caused by unexpected events to other people who are willing to take that risk by replacing the losses they suffer (Asril, 2019, p. h. 121). The party that is willing to accept the risk is called the guarantor (insurance). The essence of sharia insurance is mutual responsibility, mutual sharia cooperation, or helping and bearing each other's suffering. The basis of sharia invites to everything that results in the bonding of fellow human beings and something that alleviates their disaster. Basically, in Islamic teachings there are clear references to the spirit of mutual assistance (ta'wun) between human beings. As Allah says in Q.S. Al-Maidah verse 2,(Departemen Agama, 2007) and also the hadith of the prophet (MUI, 2014a).

This spirit of mutual help underlies the birth of sharia insurance or takaful as an alternative to conventional insurance. Shari'ah insurance must be built on the basis of ta'awun (cooperation), helping each other, guaranteeing each other, not oriented solely to material gain (Rofi'ah, 2013b). Shari'ah insurance is not mu'awadhah or tabaddul as conventional insurance, but uses tabarru' and mudharabah contracts (Siddiq, 2017b). Donations (tabarru') are the same as grants (gifts), therefore it is unlawful to withdraw them. If an event occurs, then it is resolved according to the Shari'a. Every member who deposits money according to a predetermined amount must be accompanied by the intention of helping to uphold the principle of ukhuwah. Then from the money collected, some money is taken to help people who really need it.

The Islamic insurance system has the concept of risk sharing rather than risk transfer like conventional insurance. Sharia insurance is a way of managing risks that come in accordance with the principle of helping each other. The National Sharia Council in the DSN fatwa No. 21/DSNMUI/X/2001 regarding the notion of sharia insurance (ta'min, takaful, or tadhamum) is an effort to protect and help each other among a number of mutual assistances, fairness, and even mutual benefit between people. policyholders and



companies. MUI also uses the Rules of Fiqh which reads, "All harm must be avoided whenever possible." "All mudharat (danger) must be eliminated." (MUI, 2014b) So that sharia insurance is known not to be concerned with profit but its goal is social, helping each other in distress in dealing with disasters in accordance with the Al-Quran and As-Sunnah.

Sharia cooperatives viewed from an objective point of view are not much different from insurance, namely Sharia Cooperatives are to improve the welfare of members in particular and society in general and to contribute to building a just economic order in accordance with Islamic principles. Based on these objectives, Sharia Cooperatives have the following functions and roles: (Hutagalung & Batubara, 2021, p. 1496) first, building and developing the potential and capabilities of members in particular, and society in general, in order to improve their socio-economic welfare; second, strengthening the quality of the human resources of members, so that they become more trustworthy, professional (fathonah), consistent, and consistent (istiqomah) in implementing the principles of Islamic economics and Islamic sharia principles; third, trying to realize and develop the national economy which is a joint effort based on the principle of kinship and economic democracy; fourth, as a mediator between holding funds and using funds, so as to optimize the utilization of assets; fifth, strengthening member groups, so that they are able to work together to exercise control over cooperatives effectively; sixth, developing and expanding employment opportunities and; seventh, develop the members' productive businesses. The objectives of the Sharia Cooperative mentioned above are in accordance with Islamic norms and morals, as contained in the Qur'an Q.S Al Baqarah verse 168, Q.S AL Maidah verses 87-88 and Q.S Al Jumu'ah verse 10.

The essence of the cooperative's activities is a joint effort enthusiastically helping each other and in unison there is no betrayal among the members of the cooperative. The members of the cooperative in managing the cooperative are like one body, where one member of the cooperative is likened to an organ of the human body. Every organ of the body with other organs of the body is intertwined in a harmonious relationship of mutual compassion and care.

### **3. Juridical Insurance and Cooperatives**

The legal basis for insurance in Indonesia is currently regulated in Law Number 40 of 2014 or the Insurance Law. This law replaces Law Number 2 of 1992 concerning Insurance Businesses. In the Insurance Law, there are 92 articles grouped into 18 chapters. Law Number 40 of 2014 concerning Insurance also explicitly states the existence of two types of insurance as stipulated in Law no. 2 of 1992 above. It means that these two laws remain compound in recognizing the existence and preserving the existence of the general/loss

insurance business and the life/total insurance business. This includes sharia general insurance and sharia life insurance (Suma et al., 2021b).

At the law level, the legal basis for an insurance business is Law no. 2 of 1992 concerning Insurance Business. This law is not sufficient if it is used as a legal basis for insurance businesses based on sharia principles, except from an institutional perspective. Because it does not regulate the existence of insurance based on sharia principles, and does not regulate the technical implementation of insurance activities in terms of administration. Guidelines for running sharia insurance are contained in the Fatwa of the National Insurance Council of the Indonesian Ulema Council (DSN-MUI) No.21/DSN-MUI/X/2001 concerning General Guidelines for Sharia Insurance (Mukhsinun & Fursotun, 2018, p. h. 71).

Determining the principles and operational practices of sharia insurance, the parameter that is always used as a reference is Islamic sharia. Factually, the operation of sharia insurance law besides being carried out based on Law no. 2 of 1992 concerning Insurance Business and the provisions of the DSN-MUI Fatwa, technically regulated in several KMK, this KMK is the basis for establishing sharia insurance. The General Principles of Muamalah Underlying Sharia Insurance are as follows: Tauhid (Devotion), Al-Adl (fair attitude), Adz-Dzulm (tyranny), At-Ta'awun (help each other), Al-amanah (trusted/trusted honest), Ridha (like and like), Riswah (bribe/bribe), Maslahah (benefit), Khitmah (service), Tathfifi (cheating), and Gharar, Maisir and Riba (Afandi, 2022, p. 132).

Juridically, the guidelines for running an insurance business based on sharia principles rely on the Fatwa of the National Sharia Council No: 21/DSN/MUI/X/2001 concerning General Guidelines for Sharia Insurance. In the Fatwa, what is meant by Sharia Insurance (Ta'min, Takaful, or Tadamun) is an effort to protect and help each other among a number of people/parties through investment through assets and/or tabarru' which provides a pattern of return to face certain risks through a contract (engagement) in accordance with sharia. Contracts that are in accordance with the sharia in question are those that do not contain gharar (fraud), maysir (gambling), usury, zhulm (persecution), rusywah (bribery), illicit goods and immorality. However, the fatwa has no legal force in Indonesian National Law, because it is not included in the laws and regulations in Indonesia based on Article 7 paragraph (1) of Law Number 10 of 2004 concerning Formation of Legislation. The types and hierarchies of Legislation that are recognized in Indonesian National Law are: the 1945 Constitution of the Republic of Indonesia; Laws/Government Regulations in lieu of laws; Government regulations; Presidential decree; Local regulation (Effendi, 2016, p. 76).

Talking about the Cooperative system in Indonesia, it cannot be separated from the National economic system which is based on article 33 of the 1945 Constitution of the

Republic of Indonesia. Article 33 Paragraph 1 of the 1945 Constitution of the Republic of Indonesia reads: "The economy is structured as a joint venture based on the principle of kinship". The article reads as the basis for economic democracy which is realized in real terms through cooperative institutions, in this case sharia cooperatives. Therefore, sharia cooperatives are part of the national cooperative system, as a sharia-based populist economic institution and of course must also be principled in economic democracy as contained in Article 33 of the 1945 Constitution of the Republic of Indonesia (Sobarna, 2021, p. 51).

The legal position of sharia cooperatives in the national cooperative system can be seen in Article 87 paragraphs (3) and (4) of the Law of the Republic of Indonesia Number 17 of 2012 in lieu of Law Number 25 of 1992 concerning Cooperatives. which reads: "Cooperatives can run businesses on based on sharia economic principles" and "Provisions regarding Cooperatives based on sharia economic principles as referred to in paragraph (3) are regulated by Government Regulation". Even though this article is the only article that contains the existence of sharia cooperatives, it is the government's good intention to formally acknowledge and make this institution part of the national cooperative system. The government's good intention to make this institution a formal national economic institution is also indicated by various government regulations and related ministerial regulations governing this institution (Nugraha, 2016, p. 291).

The birth of Law of the Republic of Indonesia Number 17 of 2012 as a substitute for Law Number 25 of 1992 concerning Cooperatives. However, this new Cooperative Law apparently does not clearly and explicitly contain the legal norms of Sharia Cooperatives. Article 87 paragraph (3) and (4) is the only article that can be used as a reference for the existence of Sharia Cooperatives. Article 87 paragraph (3) reads: "Cooperatives can run a business on the basis of sharia economic principles, and paragraph (4), reads: "Provisions regarding Cooperatives based on sharia economic principles as referred to in paragraph (3) are regulated by Government Regulation". The reading of Article 87 paragraph (3) and (4) of Law Number 17 of 2012 concerning Cooperatives, precisely emphasizes that on the one hand, sharia cooperative institutions are recognized as part of the framework of the National Cooperative system, but on the other hand there is reluctance from law makers law to strictly regulate this institution. Therefore, even though there is a new Cooperative Law, sharia cooperative regulations still refer to various rules, even regulations made only at the level of government regulations and related ministerial regulations (Sofiana, 2014b).

With the enactment of Law no. 21/2011 concerning the Financial Services Authority and Law no. 1/2013 concerning Microfinance Institutions caused an adjustment to the nomenclature of main tasks and functions (tupoksi) of the Indonesian Ministry of

Cooperatives and SMEs related to Islamic financial services business activities (Putra et al., 2022, p. 3). These implications were then accommodated in the field of Cooperatives by issuing Permenkop and UKM No. 16/2015 concerning Savings and Loan Business and Sharia Financing by Cooperatives in lieu of Decree of the Minister of Cooperatives and SMEs No. 91/2004 concerning Guidelines for the Implementation of Sharia Financial Services Business Activities by Cooperatives, resulting in a change in the name KJKS/UJKS Cooperatives to KSPPS/USPPS Cooperatives (Hidayat, 2016a, p. 396).

There is no legal regulation that specifically regulates sharia cooperatives. The juridical basis of sharia cooperatives is still scattered in various laws and regulations, so that cooperative institutions as sharia-based people's economic institutions do not yet have a clear and firm legal basis so that there is no guarantee of legal certainty both institutionally and in relations between cooperative members.

#### **4. Sociological Insurance and Cooperatives**

Data obtained from the Indonesian Sharia Insurance Association, up to 2012 there have been three sharia life insurance companies, two sharia general insurance companies, 17 sharia life insurance units, and 20 sharia general insurance units. Data for 2019 states that sharia insurance has reached more than 30 insurance companies. From these data it shows sociologically that the Indonesian people have accepted and acknowledged the existence of Islamic insurance in Indonesia (Suma et al., 2021b).

The practice of insurance in the culture of Indonesian society in a non-formal manner has actually been carried out frequently. We can see that, for example, when a member of the community dies, other members of the community will provide assistance in the form of a death donation. This death donation is usually withdrawn regularly from all members of the community and coordinated by an appointed person. Every time there is a death, the donation will be given in accordance with the agreement that has been made together. There are many other insurance practices that occur in society, including celebration donations and other donations that are more social in nature (Rofi'ah, 2013b).

These non-formal insurance practices have long been practiced by the people of Indonesia with full awareness and sincerity. The community realizes that death donations and other donations have great benefits in helping to ease the burden on someone who is experiencing a disaster or has a celebration. Therefore, these non-formal insurance practices are easily accepted and implemented by the Indonesian people.

Insurance has many broad and complex benefits (micro and macro). Insurance is an ecosystem of symbiotic economic rotation between economic actors (mutualism symbiosis). It is called a symbiosis because apart from being able to provide protection and guarantees for customers, insurance also offers various benefits, for example minimizing

the occurrence of risks. Especially if we look at the geographical condition of Indonesia, which has many volcanoes, it can trigger many disasters, such as volcanic earthquakes, volcanic eruptions, flash floods and landslides. In addition, most of Indonesia's territory is in the trajectory of tectonic plate faults which can cause tectonic earthquakes which are often accompanied by tsunamis. All these old calamities consume property quickly and instantly. Not to mention other disasters that are routine every year in big cities like Jakarta and Surabaya, such as floods or fires. Meanwhile, human-caused disasters also often occur in Indonesia, which are usually caused by disputes and conflicts between races, ethnic groups, religions and groups. The heterogeneous sociological condition of the Indonesian nation is capable of creating unexpected friction and conflict. Therefore, with the many disasters that have occurred in this country, it has helped create self-awareness of the importance of insurance (Puspitasari, 2011b).

Sociologically, Islamic cooperatives in Indonesia are often referred to as Baitul Maal Wa At-Tamwil or BMT, because in reality many Islamic cooperatives originate from the conversion of Baitul Maal Wa At-Tamwil. However, in fact there is a difference between KJKS/UJKS Cooperatives and BMTs, which is determined by the institution. Sharia cooperatives only consist of one institution, namely cooperatives that are run by the Sharia savings and loan cooperative system. Whereas in BMT there are 2 (two) institutions which are taken from the name 'Baitul Maal Wa At Tamwil' which means 'Zakat Institution and Financial Institution (Syariah)'. Baitul Maal means Zakat Institution and At-Tamwil means Financial Institution (Sharia). That is, a Sharia Savings and Loans Cooperative that is run by the two institutions as above is called a BMT and one that only runs a Sharia Savings and Loans Cooperative without a Zakat Institution is called a Sharia Cooperative only (Sofiana, 2014b).

Departing from the reality of the diversity of laws and regulations governing Islamic cooperative institutions and the Law of the Republic of Indonesia Number 17 of 2012 as a substitute for Law Number 25 of 1992 concerning Cooperatives, they also have not provided a guarantee of legal certainty for Islamic cooperative institutions, as economic institutions at the community level. down on the other hand, thus affecting the weakness of Islamic cooperative institutions. In fact, the rate of development of the number of sharia cooperatives is in line with the pace of the sharia-based financial industry which is increasing day by day, so a new legal order is needed as an effort to strengthen sharia cooperative institutions. This is in line with the opinion of Sri Redjeki Hartono that every economic institution that grows and develops in society causes new activities to emerge, thus requiring a new legal order within the framework of national law. This means that a new legal order is indispensable for the growth and development of economic institutions,

which in this case are sharia cooperatives, as part of the national cooperative legal system (Hidayat, 2016b). Sharia cooperatives have enormous prospects and potential in the development of a national cooperative system. Therefore, the construction of sharia cooperative legal norms is important as is the case with sharia banking.

## E. CONCLUSIONS AND RECOMMENDATIONS

The concept of insurance and cooperatives is a form of agreement/agreement of the parties to mutually guarantee protection against risks (disasters) that may occur between people protecting each other and guaranteeing the risks that befall members of a group of insurance participants. Responsibility, mutual cooperation, mutual assistance and mutual suffering based on the principles of Ta'awun are the philosophical manifestations of Islamic Insurance and Cooperatives. Cooperatives and insurance have been around for a long time, the initial enthusiasm for carrying out insurance and cooperative activities arose, namely people who are lucky or have good luck helping people who are not fortunate by making joint contributions between members of the group to cover losses (disasters)/ share the risk that befalls one member of the group. Juridically, sharia insurance and cooperatives are still scattered in various laws and regulations, so that insurance and cooperative institutions as sharia-based people's economic institutions do not yet have a clear and firm legal basis so that there is no guarantee of strong legal certainty institutionally, especially in the event of a dispute. The rate of development of the number of sharia insurance and cooperatives is in line with the pace of the sharia-based financial industry which is increasing day by day, so a new legal order is needed as an effort to strengthen sharia cooperative institutions. In addition, insurance and cooperatives need to improve their practice and understanding in the community so that their benefits are felt by the community.

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