

## The Concept of Legal Protection of Sharia Insurance Consumers in the Perspective of DSN Fatwa Number 21/DSN-Mui/X/2001

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**Abstract:** This research aims to analyze the concept of consumer protection in Sharia insurance, with a particular focus on claims related to promised risks, as outlined in Fatwa DSN Number 21/DSN-MUI/X / 2001. The present study is concerned with analyzing the rights and obligations of consumers and the mechanisms for filing claims based on Sharia principles. The research method employed is qualitative, incorporating a normative approach. The data is collected through an in-depth literature review of the DSN Fatwa and other associated regulations. The data analysis technique employed is juridical content analysis, which connects subjects, objects, legal relationships, and legal circumstances based on Sharia perspectives. The results of this study are expected to provide a more comprehensive understanding of the protection provided to consumers in Sharia insurance practices, as well as how the applicable fatwa provisions can process claims filed by consumers. The objective of this study is twofold: firstly, to identify any potential issues that may arise during the implementation of claims, and secondly, to provide recommendations for improvement that are by Sharia principles.

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**Keywords:** Legal Protection, Consumer, Sharia Insurance, Islamic Law.

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### A. INTRODUCTION

Consumer protection in sharia insurance plays an important role in ensuring that transactions are carried out in accordance with Islamic principles, such as justice, transparency, and mutual assistance (ta'awun). In the context of DSN Fatwa No. 21/DSN-MUI/X/2001, this protection is guaranteed by prioritizing clear provisions in each contract, so that claims submitted by insurance participants will only be fulfilled if the risks that occur are in accordance with the agreed agreement. This sharia principle avoids elements of usury (interest), gharar (uncertainty), and maysir (gambling), which can harm one party. The concept of tabarru' or voluntary donation funds is the basis for managing claims, where these funds are used to help fellow insurance participants (Susanto, 2024). Thus, not only are consumer rights protected, but also ensure that all insurance practices run in a corridor that is in accordance with sharia provisions. In addition, the importance of transparency and clarity in understanding the terms of the contract is also a key factor in providing optimal protection for consumers.

In the context of consumer protection in Islamic insurance, there is a significant gap between *das sollen* (normative) as stipulated in Fatwa DSN No. 21/DSN-MUI/X/2001 and *das sein* (empirical) as reflected in practice in the field (Njatrijani et al., 2024). Normatively, Fatwa DSN emphasizes the principles of fairness, transparency, and mutual assistance

(ta'awun) that ensure claims are only processed if the risks incurred are in accordance with the provisions in the insurance contract. This principle provides a strong guarantee of protection for consumers, avoiding them from fraud or claims that are not in accordance with sharia. However, in practice, consumer protection is often not maximized. Many Islamic insurance companies still face challenges in ensuring transparency and accountability in the claims process, as well as difficulties in avoiding uncertainty (gharar) practices that can harm consumers. This shows a gap between the ideal regulation and the reality of implementation, where consumer claims are often delayed or rejected for reasons that are not always transparent, even though legally they should be entitled to receive claims. (Manopo, 2021).

The literature on consumer protection in sharia insurance generally emphasizes the application of sharia principles, such as fairness, transparency, and cooperation between insurance participants. One of the main regulatory bases in Islamic insurance is the DSN Fatwa Number 21/DSN-MUI/X/2001 which stipulates that claims submitted by insurance participants can only be processed if they are in accordance with the terms agreed in the contract and do not contain elements such as usury, gharar, or maysir (Disemadi S Prananingtyas, n.d.). In this context, the funds used to pay claims come from tabarru' funds, which are voluntary contributions between participants to help each other. Several previous studies have examined consumer protection based on contract clarity and the principle of ta'awun, but many have focused on the application of existing legal provisions without exploring how transparency in claims can be more effectively implemented in more modern practices (Rohman et al., 2023). This research is novel because it will discuss the challenges of implementing claims transparency in the context of digitalization of Islamic insurance and how it affects fairer and more efficient consumer protection, which has not been widely discussed in previous literature.

The purpose of this study is to analyze the concept of consumer protection in sharia insurance, especially with regard to claims filed for the agreed risk, based on DSN Fatwa Number 21/DSN-MUI/X/2001 (Crysna S Koro, 2022). The focus of this study will include the application of sharia principles stipulated in the fatwa, such as justice, transparency, and mutual assistance among insurance participants. This study will also explore how the claims mechanism in sharia insurance is implemented to ensure consumer protection, emphasizing the importance of contract clarity and conformity between events that occur and the agreed terms (Susanto, 2024). In addition, the scope of the study will include the relationship between this fatwa regulation and other legal provisions, as well as its impact on consumer rights in obtaining claims that are in accordance with sharia principles, avoiding elements of usury, gharar, and maysir.

This research aims to investigate how the synchronization between the regulations on the execution of sharia pawn objects in Indonesia can improve the effectiveness, fairness, and sustainability of its implementation. In the context of Indonesian law, the execution of Islamic pawn objects must take into account the sharia principles underlying the transaction, such as the prohibition of usury, gharar, and maysir (Ahmeti et al., 2022). Misalignment between existing regulations can hinder the achievement of the main objective of sharia, which is to protect the rights of participants in a transparent and fair manner. Synchronization between

the various regulations will ensure that execution procedures are carried out in a manner that complies with Shariah principles, while improving supervision and more sustainable implementation. Therefore, this research is very important, because by strengthening the synchronization of regulations, the effectiveness of the execution of Islamic pawn objects will be achieved, providing justice for the parties involved, and maintaining the sustainability of the Islamic pawn system in Indonesia.

## **B. METHOD**

This research uses normative juridical research with a qualitative approach that aims to analyze the concept of consumer legal protection in sharia insurance against claims on the risks promised in the perspective of DSN Fatwa Number 21/DSN-MUI/X/2001. The data used is secondary data sourced from written law such as fatwas, laws and regulations, legal literature, and other relevant documents. The data analysis technique is carried out deductively by linking legal principles, principles of Islamic law, and legal theories of consumer protection with the normative concepts set out in the fatwa. The results of this analysis are used to build a juridical understanding of the consumer protection mechanism in sharia insurance practices, as well as assess its suitability with the principles of justice and legal certainty in the context of Islamic law in Indonesia.

## **C. RESULTS AND DISCUSSION**

Previous studies on the concept of legal protection of insurance consumers have consistently highlighted the importance of the operational efficiency of insurance companies as a key foundation in providing effective protection. Efficiency theory, particularly as measured through the Data Envelopment Analysis (DEA) method, is often used to analyze how insurance companies manage their inputs and outputs (Info et al., 2022). An emerging research gap in this context is how different levels of efficiency across types of insurance companies (e.g., conventional vs. sharia, domestic vs. foreign) affect the quality of consumer protection, especially in the claims process.

Another key concept that repeatedly arises is the solvency and profitability of insurance companies. Corporate finance theory emphasizes that solvent and profitable companies have greater financial capacity to meet their obligations to policyholders, including claim payments (Horvey S Mensah, 2025). Regression methods are often used to identify micro and macroeconomic determinants of insurance company profitability. However, a research gap that needs to be addressed is how profitability sourced from different activities (underwriting vs. investment) specifically affects the implementation of consumer legal protection, especially in the context of unique Islamic principles (Info et al., 2024).

An overview of the research shows an increasing focus on measuring efficiency in the insurance industry using DEA. These studies are not only limited to developed markets but also include developing countries, highlighting differences in efficiency and the contextual factors that influence it. Bibliometric methods are also increasingly popular to analyze publication trends and identify emerging research areas (Hamzah et al., 2021). However, there is still a gap in research that explicitly links these efficiency trends with the evolution of the concept of insurance consumer legal protection over time.

Another dominant research trend is the analysis of factors affecting the underwriting performance of insurance companies. These studies often use regression models to identify microeconomic variables (such as firm size and solvency) that correlate with underwriting profitability (Horvey S Odei-mensah, 2025). Nonetheless, research that deeply explores how different underwriting performance affects the implementation and effectiveness of consumer legal protection mechanisms, particularly in the context of Islamic insurance products, is limited (Minh, 2024).

The clustering of themes in previous research reveals that operational and financial efficiency are central aspects that continue to be studied. Efficiency is often measured using DEA, while financial performance is analyzed through ratios and regression models (Yap et al., 2024). A gap that often arises is the lack of research that integrates these two aspects to understand how operationally efficient insurance companies are also able to translate into better legal protection for consumers (Afrin et al., 2023).

Another significant theme is the factors that influence the profitability of insurance companies, including underwriting profits and investment returns. Regression methods have been the main analytical tool in these studies (Hanif et al., 2025). However, further research is needed to understand how different sources of profitability affect the allocation of company resources in handling claims and providing fair legal protection for consumers of Islamic insurance, which has specific investment principles.

The identification of under-explored areas of study suggests the need for further research on the role of corporate governance and internal audit quality in the context of legal protection of insurance consumers. While studies on the effect of internal audit on financial performance exist, research specifically linking internal audit quality to compliance with consumer protection regulations and the effectiveness of claims dispute handling is limited. This gap is important to address, especially in the context of Islamic insurance, which emphasizes transparency and accountability (Ashfahany et al., 2023).

Another under-explored area of study is the impact of financial inclusion on Islamic insurance consumer protection. While research points to the role of insurance in enhancing financial inclusion, studies that deeply analyze how Islamic insurance products designed for financial inclusion also ensure adequate legal protection for underserved consumer segments are few. This gap is relevant given the potential of Islamic insurance to reach a wider community with sharia-compliant products (Ashiagbor et al., 2023).

The inconsistency of studies is seen in the findings regarding the effect of firm size on efficiency and profitability. Some studies show a positive relationship, while others find a negative or insignificant relationship (Cvetkoska S Mitreva, 2024). These inconsistencies suggest the potential for moderating or contextual variables that are not yet fully understood in relation to how firm size affects its ability to provide consistent legal protection to consumers, particularly in the face of variable claims.

Inconsistencies also arise in research on the effect of macroeconomic factors on insurance company performance (Afrin et al., 2023). While some studies identify significant macro variables, their impact on firms' ability to provide consumer legal protection, such as the ability to pay claims during an economic crisis, has not been explored in depth. Future research needs to bridge this inconsistency by considering the specific context of the Islamic insurance market and the applicable consumer protection mechanisms.

Based on DSN Fatwa Number 21 of 2001 concerning Sharia Insurance, several principles of consumer protection law can be extracted as a basis for organizing and enforcing legal norms related to Islamic insurance. The principle of Sharia Compliance is the main foundation, which explicitly prohibits contracts containing *gharar* (fraud), *maysir* (gambling), *riba* (interest), *zhulm* (mistreatment), *risywah* (bribery), haram goods, and sin (Susanto, 2024). This principle not only guides the formation of contracts but also directs the interpretation and enforcement of the rights and obligations of the parties, including consumer protection from practices that are contrary to sharia principles.

The Principle of Balance of Rights and Obligations, which requires the inclusion of the rights and obligations of participants and companies clearly in the contract. This principle serves as a value direction that ensures transactional justice, where consumers (participants) have a full understanding of their rights to claims and their obligations to pay premiums, as well as the company's obligation to fulfill claims according to the agreement. This clarity protects consumers from potential one-sided practices or misleading information (Susanto, 2024).

In addition, the Principles of Trust and Responsibility of Managers, which states that the management of Islamic insurance must be carried out by an institution that functions as a trustee. This principle underlines the obligation of insurance companies to manage participants' funds in good faith, transparently, and in accordance with sharia principles in investment (Susanto, 2024). As a trustee, the company is responsible for protecting the interests of participants, including ensuring that funds are managed optimally to fulfill claim obligations. This principle implicitly protects consumers from potential misuse of funds or investments that are not sharia-compliant.

The legal subjects of sharia insurance transactions are sharia insurance consumers and insurance companies, intertwined in a unique legal relationship because it is built on the foundation of sharia compliance reflected in Fatwa DSN MUI No. 21/DSN-MUI/X / 2001. The legal event that marks this interaction is a contract based on freedom from *gharar* (uncertainty), *maysir* (gambling), and *riba* (interest) (Crysna S Koro, 2022). This connection is crucial for the legal protection of consumers, because the essence of sharia-compliant contracts is the initial guarantee that consumer rights are protected from harmful and unfair practices.

The legal relationship between consumers and Islamic insurance companies gives rise to a series of mutually binding rights and obligations. Consumers are entitled to transparent information about insurance products, including fund management and potential risks, a reflection of the principle of balance of rights and obligations. Legal events such as claim payments become a real test for the fulfillment of the company's obligations, where the principles of trust and managerial responsibility play an important role. The literature consistently highlights that the management of participants' funds must be conducted professionally and in accordance with sharia principles, ensuring that consumers' rights to obtain optimal benefits from the funds they entrust are protected (Imam-tamim S Salawu, 2022).

The interrelationship between legal subjects (consumers and companies), legal objects (insurance products and funds), legal relationships (contracts and implementation of agreements), and legal events (premium payments and claims) is inherently connected to the legal protection of Islamic insurance consumers. The principles of sharia compliance, which are the spirit in each of these interactions, become the normative basis for such protection (Mustofa et al., 2025). Transparency in the contract, fairness in risk and profit sharing, and trustworthiness in fund management are the pillars that ensure that consumer rights are protected in accordance with the noble principles of sharia.

Not all Islamic insurance companies have a uniform interpretation of the concept of gharar in the context of the claims process. In one case, the company rejected a claim due to "incomplete documents" even though the participant had followed the procedures generally described in the contract (Meaning et al., 2022). This shows the potential for differences in interpretation regarding claim eligibility. Although the Fatwa emphasizes clarity of rights and obligations, in practice there are still many Islamic insurance policies that use technical or legal terminology without simple explanations that can be understood by lay participants. As a result, participants do not understand the procedure for filing a claim or what risks are explicitly covered.

Based on the results of a review of research (Habibaty, 2019). ABC sharia insurance policy owned by PT. XYZ and related regulations (POJK No. 69/POJK.05/2016 and POJK No. 72/OJK.05/2016), it was found that there was a discrepancy in information that had an impact on the understanding of insurance participants, especially in the context of managing tabarru' funds. In Article 3 paragraph (4) POJK No. 72/OJK.05/2016, it is emphasized that in the event of a merger of tabarru' funds from several lines of business, the company must convey this information to participants and include it explicitly in the policy. However, in the ABC policy there is no adequate information regarding the merger of these funds. The absence of this information has the potential to cause uncertainty (gharar) for insurance participants regarding the origin and management of the funds they contribute.

The aspect of claiming insurance benefits, as stipulated in Article 21 of the ABC policy, the document requirements for claims are very complex and include a long list of documents, including documents that are "deemed necessary" by the manager. This clause opens room for unilateral interpretation by the company of the completeness of the claim file, which in practice can be a reason for rejecting a claim even though the participant has followed the general

procedures stated in the contract (Hamzah et al., 2021). This reflects an element of uncertainty (gharar), especially in the absence of objective parameters and transparency regarding the intended "completeness of documents" standard. Participants do not get legal certainty over their claim rights even though they have fulfilled the provisions understood from the initial contract.

Support for this indication of gharar can also be seen from the absence of a detailed explanation in the ABC policy regarding the deduction of *ujrah* (fee) which is part of the *wakalah bil ujah* contract. In fact, Article 57 paragraph (2) POJK No. 69/POJK.05/2016 states that the policy must include the amount, method, and time of *ujrah* deduction. The lack of clarity of this information has direct implications for participants' understanding of the allocation of their contributions, which can lead to misperceptions about their rights to receive benefits or claims. The unclear fee structure also adds uncertainty to the transaction, which principally contributes to the practice of gharar (Mustofa et al., 2025).

Normatively, Islamic insurance requires all contracts to be free from the element of gharar, as emphasized in DSN Fatwa No. 21/DSN-MUI/X/2001. However, if in practice there are information gaps that lead to uncertainty and open space for unilateral interpretation by the company (such as uninformed fund mergers and non-standardized claim documents), then substantively the practice contains gharar which is contrary to the basic principles of sharia. Thus, it can be concluded that the data and facts in the analysis of the ABC policy of PT XYZ support the existence of a gap in interpretation of the concept of gharar, especially in the management of *tabarru'* funds and the process of claiming benefits, which in turn can harm the position of consumers as insurance participants (Habibaty, 2019)

Therefore, it is necessary to affirm the implementative standards and a more transparent communication mechanism to avoid differences in interpretation and close the gharar gap in the implementation of Islamic insurance. In addition to strengthening consumer protection, enforcing this transparency will also increase the credibility and compliance of companies with substantive sharia principles. There is a potential conflict between the principle of trust and the principle of operational efficiency (Aprianoro et al., 2024). For example, in order to maintain solvency and profitability, companies may limit claim payments or tighten the verification process, thus sacrificing the principle of responsibility towards participants. Fatwa does not explicitly regulate the mechanism for resolving claim disputes or provisions regarding the maximum time for claim settlement. This can be utilized by companies to delay claim payments for administrative reasons without violating the fatwa literally, but contrary to the spirit of consumer protection.

Based on research (Sucia et al., 2023) productivity of Islamic life insurance companies in Indonesia shows a fluctuating trend, with a sharp decline in productivity in 2017-2018. One of the main causes is the low operational efficiency and weak utilization of technology as a service innovation, as shown by the TECHCH value which is below one. This finding shows that operational efficiency has not been fully aligned with the principle of trustworthiness that is the basis of the Islamic insurance system, especially in the context of fulfilling participants' rights to clear and fast claims services and protection. However, the data also shows indicators that efficiency and trustworthiness can be achieved simultaneously through strengthening the

company's solvency (Info et al., 2025). The regression results in the study found that the solvency ratio has a positive and significant effect on *Total Factor Productivity Change (TFPCH)*. This indicates that Islamic life insurance companies with a high level of solvency have a greater capacity to carry out their functions productively and responsibly, including in fulfilling participant claim obligations. In the context of trust, solvency reflects the company's ability to fulfill its financial promises, which is an essential part of the Islamic insurance contract and is directly related to participants' trust in the management of tabarru' funds (Savai et al., 2025).

Solvency as a measure of financial stability also has an impact on public perception. Research shows that insurance participants tend to trust companies with high solvency ratios more because they are considered capable of paying claims in a timely manner (Arianty S Ghoni, 2022). This creates a synergy between financial efficiency and managerial trust, which in turn minimizes the potential for uncertainty (gharar) in the claims settlement process. This means that in good solvency conditions, companies do not need to delay, unilaterally reject, or disproportionately tighten the verification process practices that often lead to gharar because they cause uncertainty in the fulfillment of participants' rights.

Thus, research (P, 2024) supports the existence of a balance between trust and efficiency in the management of Islamic insurance companies. When companies are able to maintain efficiency through increased solvency and technological innovation, they can still carry out the principle of trust in managing participants' funds in a transparent and responsible manner. Efficiency is no longer a threat to sharia principles, but rather a tool to strengthen them. With a healthy solvency foundation, companies have sufficient capacity to carry out claim obligations without creating uncertainty (gharar), which means efficiency and trustworthiness can operate synergistically.

DSN Fatwa No. 21/2001 has provided a strong normative foundation for the implementation of Islamic insurance that is fair and in accordance with Islamic principles (Lefutso et al., 2025). The principles of sharia compliance, the balance of rights and obligations, as well as the trustworthiness and responsibility of managers, each have important implications for consumer protection, especially in the context of submitting and fulfilling claims for the risks agreed upon. However, in practice, there are a number of areas that show potential inconsistencies between these normative principles and technical implementation in the field.

Gaps in interpretation are one of the potential gaps that arise in the implementation of this fatwa. For example, ambiguity in interpreting the provisions regarding "eligible" or "qualified" claim documents may lead to unfairness for participants. This shows that while the fatwa emphasizes the importance of fairness and clarity, there are no objective parameters governing the minimum standards of claim evaluation (Rohman et al., 2023). Therefore, synchronization is needed in the form of technical guidelines for the implementation of claims based on sharia principles that are compiled in a standardized manner by the regulator.

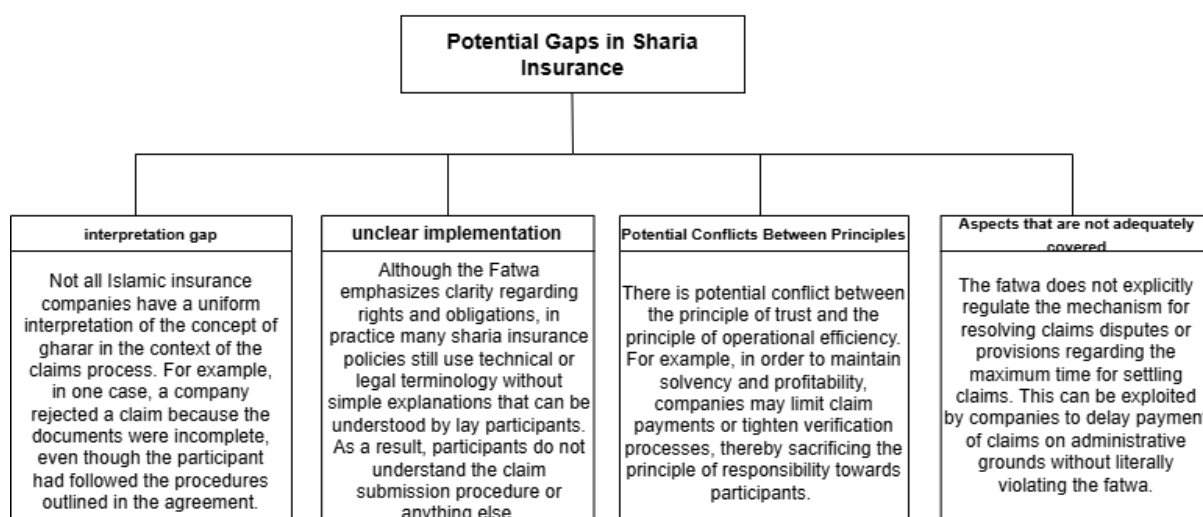
Implementation ambiguities also arise from the use of legal or technical language in policies that are difficult for ordinary consumers to understand. Clarity of contract is at the core of the principle of balance of rights and obligations. To address this, companies should



be required to provide policy summaries that are easily understood by participants, as well as provide responsive shariah and non-shariah consultation channels(Hamzah et al., 2021). This will not only improve participants' understanding, but also strengthen the principle of transparency in fund management and claim payments.

Potential conflicts between principles also need to be a concern. When companies emphasize efficiency and profitability, sometimes there is a tendency to reduce the claim burden so as not to disturb the balance sheet.(Ashfahany et al., 2023). In fact, the principle of trust requires companies to prioritize the interests of participants on the basis of trust. Therefore, it is necessary to strengthen supervision by the Sharia Supervisory Board which functions not only as a guardian of sharia principles, but also as a mediator when there is a conflict of interest between business efficiency and the interests of participants. Aspects of dispute resolution and provisions on claim processing time are important areas that have not been explicitly covered in the fatwa. This risks weakening consumer protection, as companies can unilaterally delay claim payments. As a form of synchronization, it is necessary to include additional provisions in the fatwa or its implementing rules that require the maximum time for handling claims and dispute resolution mechanisms based on sharia principles and restorative justice (Arianty S Ghoni, 2022)

The recommended synchronization includes the preparation of standard operating procedures for sharia-based claims, strengthening the role of the Sharia Supervisory Board as an arbiter in potential conflicts, simplifying the contents of the insurance contract/policy for easy understanding, and setting the maximum time for claim settlement. This synchronization will bridge between the ideal normative values in the fatwa and the reality of implementation in the field, while strengthening consumer legal protection in the framework of fair and transparent Islamic insurance (Lefutso et al., 2025).



**Figur 1.** Figure Consumer protection gap of Islamic insurance

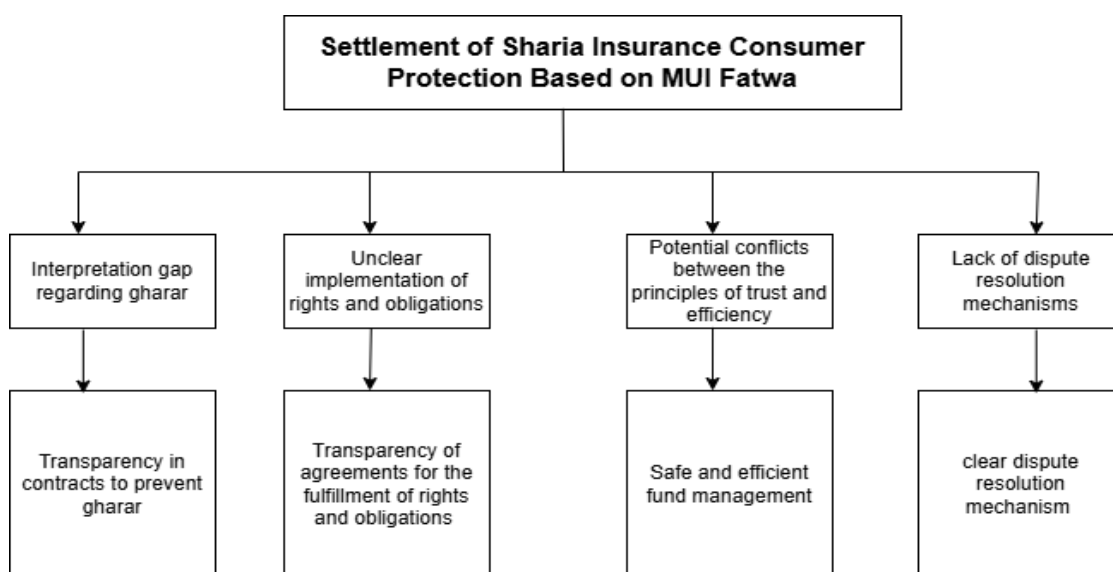
The advantages and limitations of the Sharia Compliance principle in insurance consumer protection can be seen from several functional concepts that influence it. The first

advantage lies in the transparency of the contract, which ensures clarity of rights and obligations between insurance companies and participants, especially in terms of claims and premium obligations. This transparency is very important in preventing unilateral practices and ensuring balance between the two parties, in accordance with the principle of Balance of Rights and Obligations stipulated in Fatwa DSN MUI No. 21/2001 (Hanif et al., 2025). In addition, the application of sharia operational models such as Mudharabah and Wakalah ensures that funds managed by insurance companies are used in good faith and according to sharia principles, with fair profit sharing and avoidance of usury, gharar, and maysir practices. Limitations arise from low consumer understanding, which can be seen from the lack of understanding of Islamic insurance products in some areas. This indicates a gap in consumer outreach and education that hinders full recognition of their rights in the contract. In addition, although Islamic insurance companies have an obligation to maintain transparency and trustworthiness, there are challenges in claims management and cost efficiency that can lead to an imbalance of rights and obligations, especially when claims management is not done efficiently, which risks harming participants (Zaim S Eldeen, n.d.). Therefore, despite the advantages of Shariah principles, there is a need to strengthen consumer education and claims management processes to ensure better implementation of consumer protection principles in the Islamic insurance industry.

The concepts that influence the application of the principle of Balance of Rights and Obligations in consumer protection in Islamic insurance involve several functional elements. First, the transparency of the contract is key in ensuring this balance, where the rights and obligations between the insurance company and the participant are clearly explained in the agreement, to prevent unilateral practices and injustice. This can be seen from the emphasis on the importance of clarity of participants' claim rights and premium obligations that are part of the contract, as expressed in research related to mortgage insurance (Cahyandari et al., 2023). Second, fairness in the distribution of profits is also very instrumental in implementing the balance of rights and obligations. In the Mudharabah model, profits obtained from investment results are shared between the company and participants according to the initial agreement, which avoids imbalance in the relationship between the two parties. Third, the trustworthy management of funds carried out by Islamic insurance companies is an important element in maintaining transparency and integrity, with the aim of ensuring that participants' funds are managed in good faith and responsibly, and in accordance with sharia principles. The emphasis on the importance of efficient claims management and risk management is also reflected in research related to the profitability of insurance companies in Saudi Arabia, where good claims management is a determining factor in safeguarding participants' rights. However, limitations to the application of this principle arise from imperfections in outreach and consumers' low understanding of Islamic insurance products, which can interfere with their understanding of claim rights and full premium obligations. This suggests that in order to achieve a perfect balance, it is necessary to improve access to clear information and education on sharia principles in insurance products (Meaning et al., 2022).

The principle of trust and responsibility of managers in sharia insurance consumer protection shows advantages and limitations that are directly related to fund management and

transparency. The first advantage lies in the transparency of fund management, which includes the use of operational models such as Mudharabah and Wakalah (Savai et al., 2025). In these models, profits earned from investment returns are shared fairly between the company and participants, ensuring that funds are used for the benefit of participants, including to pay claims and cover operational costs. This reflects the application of the principle of amanah in the management of funds in accordance with sharia, maintaining participants' trust in the insurance company. In addition, transparent and shariah-compliant fund management increases efficiency, which in turn optimizes consumer protection and ensures timely payment of claims. (Hanif et al., 2025). However, limitations arise in that claims management is not always efficient, especially when expense and loss ratios are too high, which can neglect the rights of participants, create unfairness in surplus distribution, and lead to decreased profitability. This indicates the risk of non-compliance with the principle of trust if there is no strict control over the management of expenses and claims. Therefore, although Islamic insurance companies have a strong foundation in maintaining trustworthiness and transparency, there are still challenges in managing risks and ensuring a balance between rights and obligations in all aspects of operations, especially in times of economic uncertainty (Arianty S Ghoni, 2022).



**Figure 2.** Flowchart image of sharia insurance consumer protection based on MUI fatwa No. 21 of 2001

The literature findings allude to the importance of contract clarity, but have not comprehensively addressed whether there is standardization of Islamic insurance contract clauses specifically designed to protect consumer rights from potential abuse of insurance company power (Alshehadeh et al., 2022). The study of minimum standards of protection in contract clauses, including exclusion limitations and disclosure obligations, does not seem to have been a major focus in the literature. Dominant Focus on Efficiency and Financial Performance, Lack of Integration with Shariah Principles. Previous studies have

consistently highlighted operational efficiency (analyzed by DEA) and financial performance (solvency and profitability, analyzed by regression) as the foundation of consumer protection. This indicates that the standardization of consumer protection clauses is driven more by general company efficiency and profitability considerations, without sufficient emphasis on compliance with fair contracts, transparency of Shariah-compliant rights and obligations, and trustworthy management of participants' fund. In the context of Islamic insurance, which emphasizes transparency and accountability (*amanah*) (Arianty S Ghoni, 2022). If governance and internal audit are not specifically designed and evaluated based on sharia principles related to consumer protection (e.g., ensuring fairness in the claims process, transparency in *tabarru'* surplus), then the standardization of consumer protection clauses could potentially fail to internalize essential sharia values.

There is a lack of in-depth understanding of the impact of Financial Inclusion on Islamic Consumer Protection. While the literature notes the role of Islamic insurance in financial inclusion, there is a *research gap* on how Islamic insurance products designed to reach underserved consumer segments also ensure adequate legal protection according to sharia principles (Manopo, 2021). If the standardization of clauses does not consider the specific vulnerabilities and needs of financial inclusion consumer groups from a sharia perspective (e.g., simple understanding of contracts, easy access to sharia complaint mechanisms), then the protection provided will be ineffective and inconsistent with the principles of justice in Islam.

As the Islamic insurance industry develops, more complex and innovative products may emerge (Hakim S Munir, 2023). The existing literature has not specifically addressed how consumer protection principles are implemented in these new products, especially in ensuring adequate consumer understanding of the risks and benefits of products that may be more complicated than conventional insurance products. How the DSN MUI fatwa accommodates consumer protection in the context of Islamic insurance product innovation requires further examination. Although some literature alludes to the potential for dispute resolution through BPSK or the courts, specific details regarding the effectiveness, accessibility, and clarity of sharia dispute resolution procedures for insurance consumers have not been explored in depth across all sources (Cahyandari et al., 2023). How this mechanism actually provides fair and efficient protection for consumers still requires further study that focuses on its procedural and implementative aspects.

#### D. CONCLUSIONS

This research reveals that although Fatwa DSN MUI No. 21/DSN-MUI/X/2001 has established the basic principles of sharia in the legal protection of insurance consumers, its implementation still faces four main challenges. First, there is a *gap in the interpretation of the concept of gharar*, which is reflected in the difference in the company's interpretation of the eligibility of claims, thus creating uncertainty for participants. Second, the *unclear implementation of rights and obligations* is caused by the use of technical terminology in the contract, which makes it difficult for consumers to understand their legal position. Third, the *potential conflict between the principle of trust and the principle of operational efficiency* arises when

efficiency is used as an excuse to limit claims administratively, thus sacrificing the responsibility of managing funds fairly. Fourth, the *mechanism for resolving claims disputes* has not been explicitly and procedurally regulated, leaving consumers without a definite resolution path when a conflict occurs. Therefore, ideal consumer protection in Islamic insurance requires strengthening the transparency of contracts, inclusive education, balanced governance between trust and efficiency, and the establishment of a clear and affordable sharia-based dispute resolution mechanism.

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