



The role of qard accounting in sharia insurance of the covid-19 period

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ABSTRACT

The Covid-19 pandemic is a massive phenomenon disrupting all activities, including the insurance business of sharia. Where sharia life insurance is a competitive and high-risk trust business, because it is transacted in the future. Efforts to maintain business continuity are very necessary. The aim of this research is to determine the role of qardh accounting in taking over financial risks in this case maintaining the Solvency level of the Tabarru Fund so that it remains considered financially healthy. The research method used is a descriptive method and data analysis. The collected data is visualized in the form of graphs and tables so that it is easy to understand the meaning. The research results show that there is a role for qardh accounting in maintaining the solvency level of tabarru' funds, so that sharia life insurance companies avoid sanctions from the Financial Services Authority and failure to pay. During the Covid-19 Pandemic, there were no defaults compared to conventional insurance.

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1. INTRODUCTION

The Covid-19 Pandemic is still going strong, but it hasn't had a big impact on people's health (EROL, 2022; Murray, 2020). Islamic life insurance firms have generally been successful in doing so. The financial stability of any of the sharia life insurance firms has never been a problem (Al-Shboul et al., 2023). The Covid-19 outbreak has prompted participants in the Sharia life insurance sector to enhance their risk management of asset and investment management (Pebrianti, 2022). This is also true of the life insurance provider PT AJS Jasa Mitra Abadi Tbk, which follows a rigid investing strategy that begins on the client's end and is tailored to each client's risk profile and includes routine market monitoring (PHOON & Cher, 2018). PT AJS Generali Indonesia, a sharia life insurance firm, balances assets and liabilities when making investments (Purwaningrum & Filianti, 2020). The research above emphasizes the impact on public health, financial stability, improving risk management, balancing assets and liabilities. In contrast to the research that researchers conducted specifically on qardh loans, it was related to the adequacy of the solvency level.

All of this aims to ensure that sharia life insurance companies are able to survive even though Covid-19 attacks so strongly and insurance claims increase tremendously. There are instruments in sharia insurance to cover temporarily if financial health (solvency level) is disturbed, namely Qard loans. According to DSN Fatwa Number 19/DSN-MUI/IV/2001 (DSN MUI, 2001), Al-Qardh is a loan given to customers who need it. Al-Qardh customers are required to return the principal amount received at the mutually agreed time. Administrative fees are charged to customers. According to DSN Fatwa Number 19/DSN-MUI/IV/2001 (DSN MUI, 2001), When deemed essential, Islamic Financial Institutions (LKS) may request guarantees from clients. Customers of Al-Qardh may voluntarily donate more to LKS as long as it is not specified in the contract (Usanti et al., 2019). Following confirmation of the customer's incapacity to fulfill all or part of his commitments by the specified deadline, LKS may: prolong the return period; or write off all or part of its obligations (Mukhlisin, 2021). The emergence of regulations regarding determining the amount of qardh reserves of 30% to cover tabarru funds for sharia insurance is very reasonable considering that the sharia insurance industry is an industry that has high risks in managing funds. If there is a use of tabarru' funds that are high enough to cover participant claims (underwriting deficit occurs), then to cover the risk of a lack of funds, Islamic insurance can rely on qardh reserves available as loans. In DSN Fatwa NO: 21/DSN-MUI/X/2001 (DSN-MUI, 2001), sharia insurance companies are required to overcome the underwriting deficit on tabarru funds through qardh funds. Regulation of the Minister of Finance Number 11/ PMK - 010/2011 (Kementrian Keuangan, 2011) which came into force on 12 January 2011, the government has required companies to maintain the solvency level of tabarru funds to anticipate the risks of losses arising in the management of assets or liabilities. For this reason, the qardh rule appears. This fund is a loan fund taken from a corporation fund to overcome the insufficient wealth of tabarru funds to pay compensation or claims to participants. These funds can come from capital, company fees, or investment in the company's own assets. According to OJK Regulation No: 72 /POJK.05/2016 (OJK, 2016). The soundness ratio of RBC is a measure that informs the level of financial security or soundness of an insurance company that must be fulfilled by insurance and reinsurance companies at a minimum of 120% of the MMBR. The greater the health ratio of RBC of an insurance company, the healthier the company's financial condition (Yunisvita et al., 2022). The components used to measure RBC refer to Minister of Finance Regulation No.53/PMK.010/2012 and 72/POJK.05/2016 (OJK, 2016), namely regarding the financial health of insurance and reinsurance companies. Solvency Level components consist of the following components: 1) Admitted Assets (AYD) Refer to Minister of Finance Regulation No.53/PMK.010/2012 (Menteri Keuangan Republik Indonesia, 2012) dan 72/POJK.05/2016, 2) Liabilities (excluding subordinated loans) Refer to Minister of Finance Regulation No.53/PMK.010/2012 and 72/POJK.05/2016. According to SE OJK No: 25/SEOJK.05/2017 (OJK, 2019) that RBC, hereinafter abbreviated as MMBR, is the amount of funds needed to anticipate the risk of loss that may arise as a result of deviations in the management of assets and liabilities from Company funds. Qardh Fund Accounting relates to Tabarru' Fund Accounting, if the Tabarru' Fund cannot meet the solvency level of the tabarru' fund. This is necessary to fulfill the Financial Services Authority's policy which requires 30% of the Tabarru Fund Solvency level to be met.

Ai Nur Bayinah et al (Ai Nur Bayinah et.al, 2019), believes that a business must always be able to offer qardh loans to cover tabarru' money. If there is an underwriting deficit, the managing entity is required to cover the shortfall in the form of a qardh loan. The qardh return of the managing entity comes from the future underwriting surplus (Kemenkeu_RI, 2011). According to Adhiwarman A. Karim (Adhiwarman A. Karim, 2001). Qardh is a transaction that is permissible for sharia by using a borrowing scheme. A qardh contract is a contract that facilitates lending transactions without charging

interest on funds lent by customers. Basis for Financial Reporting Regulations, referring to PSAK 108 (Standar & Akuntan, 2015) concerning Accounting for Sharia Insurance Transactions and Bapepam-LK Chairman Regulation No.PER-06/BL/2011(Mentri Keuangan Republik Indonesia, 2011). Qardh is loan funds originating from an insurance company for tabarru funds in overcoming a shortage of funds or tabarru fund assets when paying claims to insurance participants. Accounting treatment for Qardh, namely Qardh funds(Ai Nur Bayinah et.al, 2019) originating from the company if there is a shortage of funds in managing tabarru funds are recorded as loans/debt from the company for participant funds, this is recognized when the manager has provided the loan funds. The amount of qardh funds is usually in accordance with the amount of funds to be paid or in accordance with the number of participant insurance claims.

2. RESEARCH METHOD

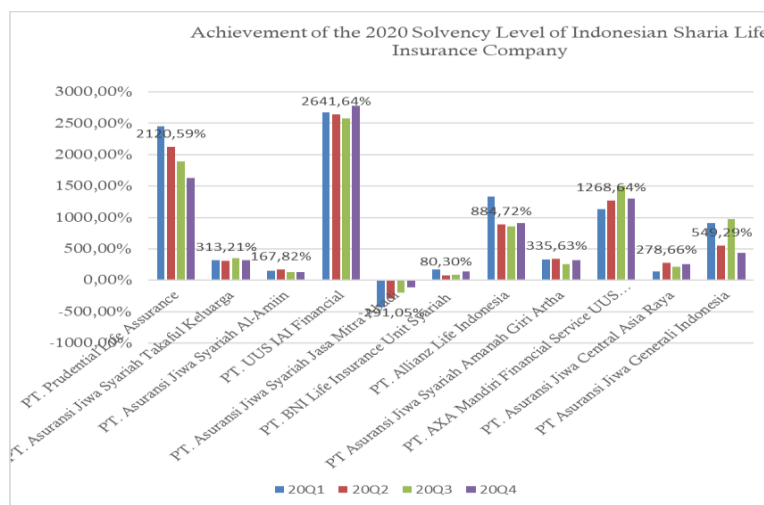
The research method used is a descriptive method, research that attempts to describe a symptom, event, incident that is currently occurring (Ibrahim, 1989). Researchers use this type of library research which comes from books, research findings, journals and other existing reading materials. The relevance of this research is to review the presentation of qardh accounting in sharia life insurance financial reports(Mardalis, 1995). The work of the Indonesian Accountants Association (IAI) entitled "Statement of Financial Accounting Standards 101: Presentation of Sharia Financial Reports(Dewan Standar Akuntansi Syariah - IAI, 2016). The National Sharia Council - Indonesian Ulema Council (SN-MUI) and PSAK 108: Accounting for Sharia Insurance Transactions produced General Guidelines for Sharia Insurance in 2001(Standar & Akuntan, 2015) as the main source. The author also utilizes journals and other reading materials related to the presentation of qardh accounting in sharia insurance financial reports to strengthen the study material (secondary sources). One of these sharia accounting books is Sharia Insurance Accounting in Indonesia. The nature of this research is quantitative descriptive. The aim is to provide an overview of research results regarding the presentation of qardh accounting in sharia insurance financial reports. This research uses a normative juridical approach(Soemitro, 1994), where each analysis is always guided by PSAK 101 and General Guidelines for Sharia Insurance, DSN Fatwa, and Compilation of Sharia Economic Law to identify concepts and principles as well as sharia principles used in accounting presentations. qardhul hasan in sharia insurance financial reports. Also depicts figures graphically and tabularly. The sampling technique used was the purposive sampling method. According to Sugiyono(Sugiyono, 2012), purposive sampling is a technique used to determine the sample by making certain considerations. According to the OJK, life insurance companies in Indonesia consist of 19 sharia business unit life insurance companies and 5 full sharia life insurance companies, with a total of 24 sharia life insurance companies. From this number, 11 sharia life insurance companies were taken as samples. Several considerations taken in sampling are as follows: 1) Is a sharia life insurance company that has listed its shares on the Indonesia Stock Exchange (BEI) or known as going public, 2) Has published an annual financial report in the research year, namely 2020-2021 .

Based on these considerations, the objects of this research are: 1. PT. Prudential Life Assurance, 2. PT. Family Takaful Sharia Life Insurance, 3. PT. Al-Amiin Sharia Life Insurance, 4. PT. UUS IAI Finance, 5. PT. Mitra Abadi Sharia Life Insurance Services, 6. PT. BNI Life Insurance Sharia Unit, 7. PT. Allianz Life Indonesia, 8. PT. AJS Amanah Giri Artha, 9. PT. AXA Mandiri Financial Service Sharia Insurance UUS, 10. PT. Greater Central Asia Life Insurance, 11. PT. AJS Generali Indonesia. The research sample is expected to be representative, so that the research results approach the accuracy of the research and the research results are useful. The method used in problem formulation is PSAK 108 and the Qardh transaction journal (Ai Nur Bayinah et.al, 2019). The collected

data is visualized in the form of graphs and tables using the Excel application, making it easy to describe performance trends of research objects. The collected data is visualized in the form of graphs and tables using the Excel application, so that it is easy to illustrate the performance trend of the research object.

3. RESULTS AND DISCUSSIONS

Data was obtained from the websites of each sharia life insurance company for the 2020 period from quarter 1 to quarter 4. The research results obtained data as shown in graph 1 below:



Graph 1. Achievement of the 2020 solvency level of Indonesian sharia life insurance company
 Source: Processed Research

Graph 1. Achievement of the 2020 solvency level for sharia life insurance companies, showing an illustration that there are two sharia life insurance companies that have not reached the minimum solvency level set by the Financial Services Authority. The life insurance company is PT. Syariah Life Insurance Jasa Mitra Abadi and PT. BNI Life Insurance Sharia Unit. One holding company and one business unit. Achievement of the solvency level of PT. Mitra Abadi Jasa Syariah Life Insurance amounted to -424.73%(Q1), -291.05%(Q2), -200.96%(Q3), and -110.15%(Q4) while PT. BNI Life Insurance Sharia Unit of 175.08% (Q1), 80.30% (Q2), 90.03% (Q3), 136.56% (Q4). Of the two sharia life insurance companies, PT. Syariah Life Insurance Jasa Mitra Abadi, for further research to focus on PT. Sharia Life Insurance Mitra Abadi Services. The solvency level of Tabarru' Funds and Tanahud Funds before Qardh is the quotient between Allowable Assets (AYD) and Liabilities other than Qardh from Company Funds. The Solvency Level Ratio with DTMBR/MMBR Required by Regulation (percentage according to POJK 72) is 100% times DTMBR/MMBR. This has also been used as a stimulus policy for the Financial Services Authority (OJK) in dealing with the Covid-19 Pandemic so far.

Table 1. The need to cover the deficiency (excess) level of solvency from the internal target for 2020

Tahun	Quarter	Disadvantages (advantages) of the level of solvency of internal targets	Insufficient investment, cash and bank
2020	Quarter I	23.684,98	40.515,95
2020	Quarter II	25.094,90	43.166,34
2020	Quarter III	17.055,53	52.551,95
2020	Quarter IV	12.173,38	30.014,08
	Total	78.008,79	166.248,32

Source: processed by researchers (in millions of rupiah)

Table 1. Shows that the need to cover the deficiency (excess) level of solvency from the internal target for 2020 requires funds of Rp. 78,008,790,000.00 and to cover the insufficient investment, cash and bank Rp. 166,248,320,000.00. So as to increase the level of solvency to be as follows seen in the table 2 :

Table 2. Solvability level of tabarru' fund and tanahud fund before qardh and after qardh

Year	Quarter	Solvability Level of Tabarru' Fund and Tanahud Fund before Qardh	Solvability Level of Tabarru' Fund and Tanahud Fund after Qardh
2020	Quarter I	-424,73%	507,09%
2020	Quarter II	-291,05%	416,01%
2020	Quarter III	-200,96%	787,99%
2020	Quarter IV	-110,15%	457,30%

Source: processed by researchers

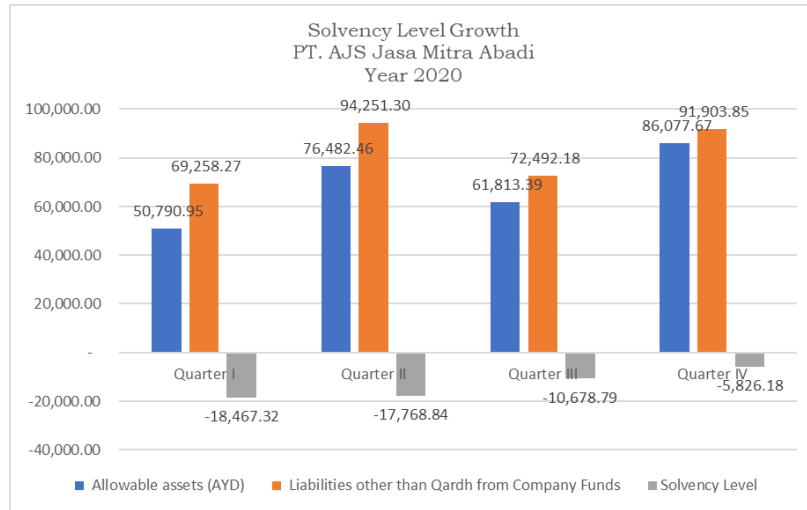
Table 2. Shows that the existence of qardh loan funds as big as those listed in table 1 from the management company, can increase the level of solvency of PT. Mitra Abadi Jasa Syariah Life Insurance became 507.09% (Q1), 416.01% (Q2), 787.99% (Q3), and 457.30% (Q4). However, if in the management of the tabarru' fund there is a deficit of funds due to many claims that must be paid, then the company must have the ability to provide loans in the form of qardh to the tabarru' fund by depositing it into the tabarru' account in cash. Whereas qardh returns are carried out if tabarru funds have experienced an underwriting surplus. With the Qardh loan, it affects the level of solvency of sharia life insurance companies, as shown in the following table 3.

Table 3. Level of corporate sovability funds before and after qardh 2020

Year	Quarter	Level of Corporate Sovability Funds before Qardh	Level of Corporate Sovability Funds after Qardh
2020	Quarter I	1841,41%	1083,25%
2020	Quarter II	1732,90%	936,16%
2020	Quarter III	1798,44%	827,64%
2020	Quarter IV	2037,25%	1431,97%

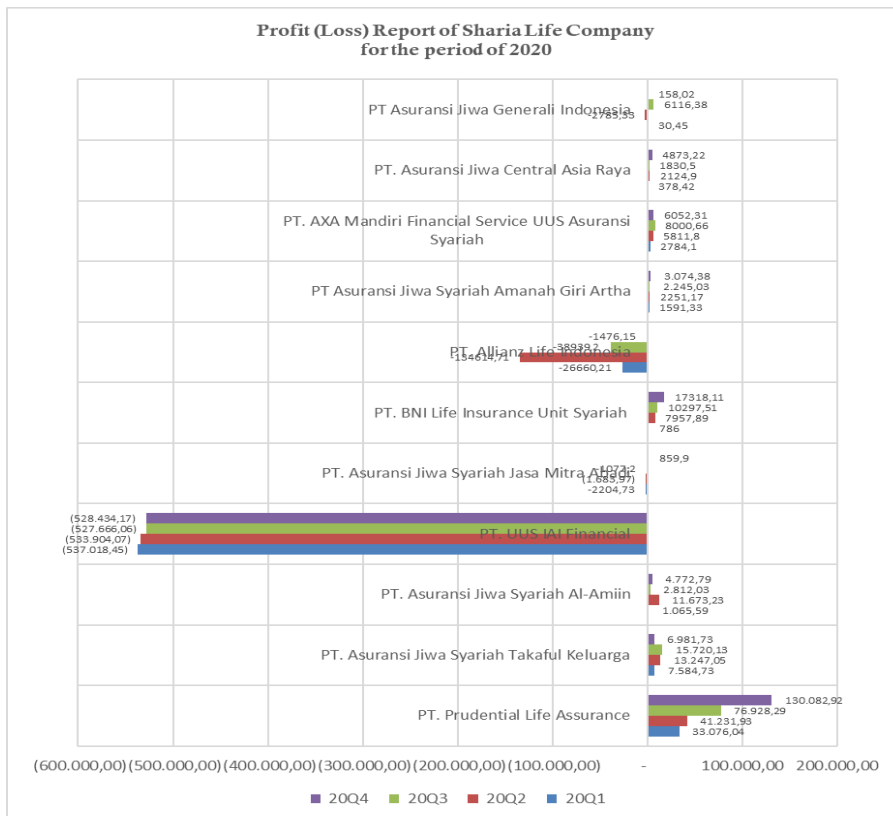
Source: processed by researchers

Table 3. Shows the effect of Table 2, where the Sovability Level of Tabarru' Funds and Tanahud Funds increases, while the Sovability Level of Corporate Funds decreases. So that the initial composition of the Sovability Level of Tabarru' Funds and Tanahud Funds before Qardh was -424.73% to 507.09%, and the Solvency Level of Company Funds before Qardh was 1841.41%, decreased to 1083.25% and so on. Total Qardh receivables during 2020 amounted to IDR 166,248,320,000.00. In line with the passage of time, the achievement of the Solvability Level of Tabarru' Funds and Tanahud Funds prior to Qardh, such as the conditions above, will affect the Allowable Assets (AYD) and Liabilities other than Qardh from Company Funds. Graph 2 shows a consistent increase and decrease between Allowable Assets (AYD) and Liabilities other than Qardh from Company Funds. The increase in Allowable Assets is offset by Liabilities other than Qardh from Company Funds, in the sense of the existence of Allowed Assets obtained from loans. Like the following Graph 2 :



Graph 2. Solvancy level growth PT. AJS Mitra Abadi period 2020
 Source : processed by researcher

To see the statement above, we can evaluate the profit/(loss) report of Tabarru' PT. Mitra Abadi Syariah Life Insurance, as shown in the following Graph 3:



Graph 3. Profit (loss) report of sharia life company for the period 2020
 Source : processed by researcher

Graph 3. Shows a picture of a sharia life insurance company that is experiencing profits, including: 1). PT Asuransi Jiwa Generali Indonesia (Q1,Q2,Q4), while experiencing losses in Q3, 2) PT. Central Asia Raya Life Insurance, 3) PT. AXA Mandiri

Financial Service UUS Syariah Insurance, 4) PT Asuransi Jiwa Syariah Amanah Giri Artha, 5) PT. Allianz Life Indonesia experienced losses for all Quarters of 2020, 6) PT. BNI Life Insurance Sharia Unit, 7) PT. Syariah Life Insurance Jasa Mitra Abadi (Q1), while experiencing losses in (Q2,Q3,Q4), 8) PT. UUS IAI Financial experienced losses for all quarters of 2020, 9) PT. Al-Amiin Sharia Life Insurance, 10) PT. Family Takaful Sharia Life Insurance, and 11) PT. Prudential Life Assurance. The results of the analysis above can be concluded as in the following table 4:

Table 4. Solvency level and profit (loss) report

No.	Insurance companies	Solvency Level				Profit (Loss) Report			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	PT. Prudential Life Assurance	+	+	+	+	+	+	+	+
2	PT. Asuransi Jiwa Syariah Takaful Keluarga	+	+	+	+	+	+	+	+
3	PT. Asuransi Jiwa Syariah Al-Amiin	+	+	+	+	+	+	+	+
4	PT. UUS IAI <i>Financial</i>	+	+	+	+	-	-	-	-
5	PT. Asuransi Jiwa Syariah Jasa Mitra Abadi	-	-	-	-	-	-	-	+
6	PT. BNI Life Insurance Unit Syariah	+	+	+	+	+	+	+	+
7	PT. Allianz Life Indonesia	+	+	+	+	-	-	-	-
8	PT Asuransi Jiwa Syariah Amanah Giri Artha	+	+	+	+	+	+	+	+
9	PT. AXA Mandiri Financial Service UUS Asuransi Syariah	+	+	+	+	+	+	+	+
10	PT. Asuransi Jiwa Central Asia Raya	+	+	+	+	+	+	+	+
11	PT Asuransi Jiwa Generali Indonesia	+	+	+	+	+	-	+	+

Source : processed by researcher

Table 4. Shows that there is no relationship between Tabarru' Solvability Level which is insufficient POJK 72 and Tabarru' Profit or Loss, this can be seen from Figure 4, where: 1) PT. Mitra Abadi Syariah Life Insurance during the period 2020.Q1 – 2020.Q4 experienced sufficient fulfillment of the Tabarru Fund' solvency level from 2020.Q1 to 2020.Q4 negative solvency level (-), on the other hand still experiencing profit (+) in the 2020 period .Q4, 2) PT. UUS IAI Financial in terms of positive (+) solvency level adequacy, but suffered losses from 2020.Q1 to 2020.Q4, 3) PT. Allianz Life Indonesia experienced the same thing with PT. UUS IAI Financial, and 4) PT Asuransi Jiwa Generali Indonesia experienced sufficient fulfillment of the solvency level of the Tabarru Fund from 2020.Q1 to 2020.Q4 positive (+) solvency level, on the other hand still experiencing a loss (-) in the 2020.Q2 period. The necessity for businesses to offer qardh loans to supplement tabarru' funds under certain financial conditions, such as when investments contributing to the tabarru' fund's financial stability are inadequate, or when there is an underwriting deficit or a solvency level below the required minimum. In these cases, immediate cash payments are required to ensure the fund's ability to self-compensate. The corporation benefits through returns on this qardh capital. Table 5 shows the Claim Expenses that Islamic life insurance companies need to pay their participants. If the money available isn't enough, the company has to use a qardh loan to add to the Tabarru Fund and Tanahud Fund. The money for the qardh loan comes from the company's allowed funds and is meant to help the tabarru' fund. The tabarru' fund is then used to pay back the qardh loan. If the tabarru' fund still owes qardh money, the company can't share any extra profit from underwriting with either the participants or itself.

Table 5. Claim Expenses that must be paid by Islamic life insurance companies to participants of Islamic life insurance

No.	Insurance Companies	2020.Q1	2020.Q2	2020.Q3	2020.Q4
1	PT. Prudential Life Assurance	151.030,61	334.255,89	497.545,47	641.349,82
2	PT. AJS Takaful Keluarga	16.481,42	30.451,97	47.416,97	74.707,35
3	PT. Asuransi Jiwa Syariah Al-Amiin	9.617,16	19.692,85	25.440,94	45.223,84
4	PT. UUS IAI <i>Financial</i>	11.079,76	24.722,65	33.763,82	49.423,67
5	PT. AJS Jasa Mitra Abadi	9.257,17	15.980,28	22.669,56	33.629,53
6	PT. BNI Life Insurance Unit Syariah	31.894,00	48.695,34	74.366,62	110.019,37
7	PT. Allianz Life Indonesia	66.708,51	138.473,93	211.662,36	259.414,61
8	PT AJS Amanah Giri Artha	515,68	898,28	2.172,34	3.866,87
9	PT. AXA Mandiri Financial Service UUS Asuransi Syariah	3.689,04	6.805,79	10.381,02	17.650,28
10	PT. Asuransi Jiwa Central Asia Raya	1.411,89	939,51	2.547,43	1.082,32
11	PT Asuransi Jiwa Generali Indonesia	-	-	-	-
		173,69	2.457,09	1.862,32	10.021,09

Source : processed by researcher

Marzano (Marzano, 2019) argues that each period of tabarru' fund management will produce two possibilities, namely an Underwriting Surplus and an Underwriting Deficit. An Underwriting Surplus is when the total funds collected are greater than the total claims and other costs in one period, while the Underwriting Deficit is when the total claims and other costs are greater than the funds collected. If there is a Tabarru Fund Underwriting Surplus, the Company, acting as the fund manager, may choose the distribution options in accordance with the terms of the agreement with the participants, including: a) adding all of the surplus to the Tabarru Fund; b) adding some to the Tabarru Fund and distributing some to Participants; or c) adding some to the Tabarru Fund, distributing some to Participants and adding some to Companies (Article 13, Paragraph 2). Fatwa of the National Sharia Supervisory Board of the Indonesian Ulema Council (DSN-MUI) Number: 53/DSN-MUI/III/2016 (DSN-MUI, 2006) with regards to the Tabarru Contract on Sharia Insurance. Tabarru's funds are a group of funds that were contributed by participants, and their mechanism is employed in line with sharia insurance or sharia reinsurance agreements. The tabarru' fund functions as a social fund that functions to help one of the participants who are experiencing a disaster. In practice, the tabarru' funder indirectly expects reimbursement if in the future there is a risk of an uncertain event (accident/loss), this is because the tabarru' fund is the right of the participant. For sharia life insurance participants, if they stop being participants, tabarru funds that have previously been paid can be requested again, this is based on the Fatwa of the National Sharia Council of the Indonesian Ulema Council No. 81/DSN-MUI/III/2011 concerning Return of Tabarru Funds to Insurance Participants who Quit Before the Agreement Period Ends. In the context of participant qardh loans to sharia life insurance managers it is regulated in the DSN-MUI Fatwa No: 53/DSN-MUI/III/2006. With qardh receivables, it will increase the Solvability Level of Tabarru' Funds and Tanahud Funds after Qardh, and decrease the Solvency Level of Company Funds after Qardh. DSN-MUI Fatwa No: 53/DSN-MUI/III/2006 (DSN-MUI, 2006) states that if there is an underwriting deficit on tabarru' funds (tabarru deficit'), then the insurance company is obliged to overcome this shortfall in the form of Qardh (loan). For the qardh refund to the insurance company, it is set aside from the tabarru' fund. In the event that the tabarru' funds are insufficient to pay compensation/claims to participants, the

company is required to deposit qardh in cash/cash. Qardh returns to companies are made from underwriting surplus and/or from tabarru funds. Companies are prohibited from paying dividends or providing compensation in any form to shareholders if this will cause the company to not have the ability to provide qardh. Table 6. Shows underwriting surplus and deficit, for PT. Mitra Abadi Syariah Life Insurance, even though it is a surplus, cannot be distributed because there are still qardh loans that have not been paid to the managing company, according to the POJK Number/POJK.05/2015 concerning the Financial Health of Insurance Companies and Reinsurance Companies with Sharia Principles.

Table 6. Shows underwriting surplus and deficit

No.	Insurance Companies	2020.Q1	2020.Q2	2020.Q3	2020.Q4
1	PT. Prudential Life Assurance	173.064,0 ₄	343.506,0 ₂	516.864,0 ₇	699.975,7 ₅
2	PT. Asuransi Jiwa Syariah Takaful Keluarga	21.525,84	35.691,45	51.002,02	64.050,35
3	PT. Asuransi Jiwa Syariah Al-Amiin	8.253,68	26.393,80	20.916,02	40.043,21
4	PT. UUS IAI <i>Financial</i>	11.418,97	22.620,29	32.314,16	41.178,09
5	PT. Asuransi Jiwa Syariah Jasa Mitra Abadi	7.014,45	14.221,03	21.472,44	34.367,86
6	PT. BNI Life Insurance Unit Syariah	32.137,00	54.902,87	82.508,83	124.374,3 ₂
7	PT. Allianz Life Indonesia	36.816,59	1.179,17	162.620,1 ₉	246.229,6 ₃
8	PT Asuransi Jiwa Syariah Amanah Giri Artha	2.039,54	2.981,55	4.161,31	6.458,36
9	PT. AXA Mandiri Financial Service UUS Asuransi Syariah	5.841,00	11.412,04	16.492,64	21.336,88
10	PT. Asuransi Jiwa Central Asia Raya	870,83	1.209,60	1.578,11	2.224,45
11	PT Asuransi Jiwa Generali Indonesia	-	-	7.853,77	10.021,09

Source : processed by researcher

Based on the regulations above, regarding the use of qardh reserves in Islamic insurance can be explained in the form of the following scheme (Fadilah & Makhrus, 2019): 1. Sources of qardh funds come from companies, some capital or other assets are allocated for qardh funds; 2. If the tabarru' funds are able to be used to cover the risks of participant claims, qardh funds do not need to be used; 3. Qardh funds can be used as loans without compensation when the tabarru' funds are insufficient to cover the risks that occur or experience (underwriting deficit); 4. Qardh funds are taken from participants' tabarru funds when they experience an underwriting surplus; 5. If the qardh obligation has been fulfilled, the excess proceeds from the tabarru' fund management can be redistributed between the company and the participants. The table above shows the Solvency Level of Tabarru' Funds and Tanahud Funds before Qardh during 2020 with a negative percentage. If this problem is not remedied, it may drain a sizable amount of capital and endanger the ongoing operations of the insurance provider PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk. PT. Bumiputera Sharia Life Insurance has dealt with this. If this condition occurs in a conventional insurance company, it will have a direct impact on payment failure and a warning from the financial services authority in Indonesia. As happened with insurance companies: Bakrie Life, Bumi Asih Jaya, Jiwasraya, Bumiputera 1912, Wanaartha Life, Kresna Life. Here is the specialty of Qari Loans, so that sharia insurance companies are superior to conventional insurance companies in Indonesia. Because the investment fund manager has previously provided

guarantees, the existence of Qardh receivables helps protect the assets of participants. If the sharia life insurance firm has ongoing losses and is unable to maintain its level of solvency, as long as it can continue to offer qardh loans, there won't be any problems with the non-payment of sharia life insurance claims (Che Azmi et al., 2020). Because of the regulations that exist in sharia life insurance companies, that insurance premiums have been separated from the start which are for fund managers, and which are for insurance participants (Dorn et al., 2022).

4. CONCLUSION

Several significant research contributions to the understanding and practice of Qardh accounting in sharia life insurance, especially in the context of the Covid-19 pandemic and regulatory compliance. The following are the contributions emphasized in this research; This research clarifies the importance of Qardh accounting in producing financial reports that reflect the level of solvency in accordance with Financial Services Authority regulations. This shows how important Qardh loans are in maintaining the solvency of the Tabarru Fund in Sharia Life Insurance during the pandemic. Ensure sharia life insurance meets the minimum solvency threshold. Shows how Islamic life insurance companies diversify Qardh funding sources which helps increase financial stability. The role of sharia life insurance is in representing fund owners and complying with distribution preferences or established criteria, which can affect trust and relationships between insurance companies and clients. This research suggests that increased engagement with Qardh funds could lead to improved Islamic insurance company performance, better investment platforms, and a stronger role in social responsibility. The need to maintain minimum equity requirements, this research emphasizes the importance of Qardh accounting in preventing operational disruptions and restrictions on business activities. This research underlines the value of Qardh accounting in providing precise, reliable and relevant documentation and reporting, which is important for the management of funds and cash flow in Islamic life insurance companies. This research identifies limitations in the exclusive focus on Qardh loans and suggests that future researchers explore other factors that might influence solvency levels, thereby paving the way for a broader understanding of financial stability in Islamic life insurance.

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