Optimizing the Process of Management of Marine Cargo Insurance Claims at PT. ABC

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ABSTRACT

The purpose of this study is to evaluate how to optimize marine insurance claims as well as the appropriate procedures in the marine cargo insurance claim process and methods in preparing insurance claim documents into accurate and complete documents so that the insurance company that bears all losses is more optimal by the insurance claims. with the details of the calculation of the value of insurance claims that have been insured. This research is divided into three lines of thought, namely identification, and formulation of problems, analysis and discussion, and research results. Identify and formulate problems by identifying possible problems that occur during the claim submission process. Based on the results of this identification then formulate the problem to be discussed in the study. Analysis and discussion by conducting the process of analysis and discussion of the problems that occur through the literature and collecting the necessary data. the next step is a discussion of the problems faced by covering the procedures and stages of filing a claim, the method adopted, and the evaluation method used for optimizing insurance claims. This study uses a qualitative method approach and a descriptive design is used to explain the process, the sample is taken at the shipping company PT. ABC, the representation is expected to be given by this sample. After using descriptive data analysis, the research results obtained that the insurance claim process must pay attention to the person in charge of carrying out marine cargo insurance claims; Types of compensation that can be submitted in the insurance claim process; Requirements in the process of filing an insurance claim, and the evidence that must be prepared to file an insurance claim. In addition, the loss must be filed immediately considering the deadline for submitting an insurance claim. The essence of the claim for ship cargo is compensation paid by the losses borne by the insurer to repair the suffering of the insured from loss of property.

1. INTRODUCTION

Based on the point of view of the role in the maritime sector in economic activities around the world, there are three main activities that have a clear relationship between, namely international trade, sea transportation, and marine insurance. Insurance is present and has a foundation on a variety of theories including risk theory, insurance economic theory, expected utility theory, probability theory, risk pooling theory, and collapse theory. The theory of risk is a theory that is very relevant in insurance and this is evidenced by the existence of the two most important models in insurance, namely; individual risk theory models and collective risk theory models have developed in the field of risk theory[1] Destruction theory, on the other hand, allows insurance companies to use models such as the dependent model to describe the cash flows of an insurance company and determine the properties of the probability of bankruptcy both in the short and long term. This is

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essential in determining the size of the insurance pool and by extension the financial stability of insurance companies[2].

Different types of risks affect the lives of individuals and businesses. These may include economic, financial, maritime, social, and death among others. In the maritime business sub-sector section, the following are some of the risks and hazards in transit: contributing to the general risk impact due to inter-island trade: seasonal weather patterns, icebergs, deserts, bad weather, theft, hazards in ports, and piracy. Generally, there are two broad techniques that are used in risk management to address risk and by extension maritime risk; it is risk control and risk financing [3]. Risk control focuses on minimizing the risk of loss facing the company and includes its techniques of avoidance and mitigation. Risk financing on the other hand involves tools that focus on arrangements designed to ensure the availability of funds to meet the losses that do occur [4]. These include risk assumption and risk transfer techniques in which insurance tools play an important role. Insurance can be considered as a kind of financial security that ensures that the cargo owner will be able to carry on the business of trading goods. Insurance is not mandatory, but highly recommended because the amount paid -for it is not significant in addition to the amount of cargo.

The insurance policy agreement is defined based on the three principles which are the pillars of insurance. The principles are: a). The principle of Compensation is that as a result of the risk that has been agreed upon by the insurer to protect the insured, the latter has the right to be compensated to the extent of the loss he has suffered. This means that those who are guaranteed are not allowed to take advantage of insurance. This principle gives rise to regulations such as the right to subrogation resulting from the settlement of claims; the right to return the premium in certain cases; and solutions to problems that arise when more than one insurance company deals with the same interests. b). The principle of Insurable Interest i.e. No one can insure anything unless he has an interest in it, which means that if the insured item is kept, he will benefit from its preservation, but if it is damaged or lost in any way, that is guaranteed to be affected. . Thus, an insured is only entitled to compensation if he has an insurable interest in the subject matter of insurance. C). Principles of Good Faith i.e. High standards of honesty are required in marine insurance practice. The Guaranteed must disclose all material facts known or deemed to be known by him. The obligation to carry out good faith is much more firmly placed on the insured, although generally the same is binding on the insurer

Insurance in the shipping sector is divided into two main branches, namely: Hull Insurance and Marine cargo insurance. Hull insurance expressly concerns the ship and its equipment. the shipowner or carrier ensures that the condition of the ship, especially the hull and engine, is seaworthy. Meanwhile, in Marine Cargo insurance, several forms of claims can occur, including total loss and partial loss. The difference is that the total loss contains the actual total loss, the risk loss guaranteed in the policy is guaranteed 100%, then the total constructive loss is the value of the loss incurred while transporting the ship is greater than the sum insured. Meanwhile, Partial Loss contains a Particular Average which is the value shared with other cargo owners which are calculated from the amount of damage or lost items. Furthermore, the General Average contains almost the same as the particular average but the value is calculated from the overall value of the goods (cargo) on board

In this study, the author focuses on optimizing the process of managing marine cargo insurance claims which is an important concern for many parties involved in the movement of marine cargo transportation in Indonesia. Even though it only uses one ship that sails from one port to another, several cargoes are belonging to more than a hundred shippers. Each of these marine cargoes must be insured, which means that several important insurance policies must be used even for one vessel and one voyage. Most of the above studies have been conducted from the perspective of business disciplines such as marketing, strategy, and finance apart from the insurance business. As a result, important theoretical concepts of marine insurance such as risk pooling, risk theory, and risk transfer among others seem to have not been applied. More importantly, these studies generally address the growth of the life insurance sub-sector and the general insurance industry as a whole but do not address the problem of slow insurance claims in other parts of the insurance industry as important as the marine cargo insurance claim process. The knowledge gap thus exists and this is filling the gap that this research is trying to achieve. Therefore, this study seeks to provide answers to questions regarding the importance of understanding marine insurance claims in Indonesia

The purpose of insurance or coverage is the Transfer of Risk and Payment of Compensation. The Insured carries out insurance to transfer the risk that threatens his property or life. By paying a premium to the insurance company (the insurer), since then the risk has shifted to the insurer. While the Payment of Compensation If one day there is an event that causes a loss (the risk turns into a loss), then the insured will be paid compensation in the amount equal to the amount of the insurance. In practice, the losses incurred can be partial (partial loss). Thus, the insured holds insurance to obtain compensation payments that are suffered [5] .

The basis of the responsibility of the ship's cargo.

The carrier's liability is based on the principle of alleged error or omission. This provision is greatly influenced by the type of cargo transportation mode, either by air, sea, train, and truck. The carrier is not responsible for any loss caused by the loss or damage to the goods unless an event occurs which causes the loss or damage to occur while the goods are his responsibility. The compensation of the carrier is uncertain if it is not possible to explain the cause of the loss or damage because there is no provision to determine who is responsible in such a case. There is some ambiguity as to whether it is the shipper's responsibility to prove that the cause of the loss occurred while the goods were in the carrier's custody or whether it was the carrier's responsibility to prove that the cause of the loss arose before the goods were in his possession when the bill of financing premium was issued.

The Carrier shall not be liable for any loss if there was no fault or omission on its part or on the part of its servants or agents under the principle of error or omission. However, some degree of cargo damage is almost inevitable in sea freight, even where the carrier has taken all reasonable steps to avoid it. Some degree of cargo damage may be considered an unavoidable international trade price, although the degree of damage is still subject to a certain degree of control. If carriers are willing to take all necessary precautions, we can have international trade with little negligible cargo damage. However, the possibility of loss or damage persists due to other causes, such as inherent vices. clauses involving rat and/or pest risks - which require the insurer's due diligence or reasonable measures to avoid such risks for damages from the insurance company., latent defects, unavoidable fire, third party cargo, war, strikes, etc. other

Precautions may far exceed the value of nearly every cargo carried by ship. Thus, the contracting parties make the decision to tolerate some degree of cargo damage in order to save the company's overall operating costs. Even after having cargo insurance, there are still risks of exclusion such as willful misconduct on the part of the insured, delays (delays are not included even if the delay is caused by the insured peril), ordinary wear and tear, ordinary leakage, and damage, inherent defects or nature of the subject matter insured, even mice or fleas. In its implementation, there is also a category of loss or damage to cargo for which neither the carrier nor the cargo insurance company is responsible, such as loss or damage caused by the nature or nature of the cargo or the intentional error of the insured.

Term of Liability of the ship's cargo

The carrier's term of responsibility is based on inter-port criteria, which imposes a duty of care on the carrier as long as he is responsible for the goods, from receipt to delivery. It replaces the old carrier liability limitation. However, the cargo must be delivered to the port of departure or inland depot and stored in a storage area before it is under the control of the carrier. If cargo insurance covers all risks from warehouse to warehouse, In cargo insurance, which is developed by various insured claims, the duration of risk is regulated in the Act from loading at the port of departure to unloading at the port of destination expanded by a transit clause or clause between warehouses. the period of risk is from the time the goods leave the warehouse or storage place at the place stated in the policy for the start of transit until the time the goods will be sent to the consignee's warehouse or other final warehouse or storage place at the destination stated therein. the cargo insurance company compensates the cargo owner for loss or damage to the cargo.

Previous research has discussed the settlement of marine hull and machinery insurance claims [6]. while the implementation of insurance claims by land transportation mode [7] other studies also discuss the extent to which the responsibility of PT. Insurance in resolving goods transport insurance claims [8] . The basis or reference for theories or findings through the results of various previous studies is very necessary and can be used as data support. Bill of loading is used as a

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condition for insurance claims for compensation for the delivery of accident insurance [9]. In addition, the importance of credibility for the determination of tariffs, claims and payment of claims, and the factors that affect the experience of claims [10] .

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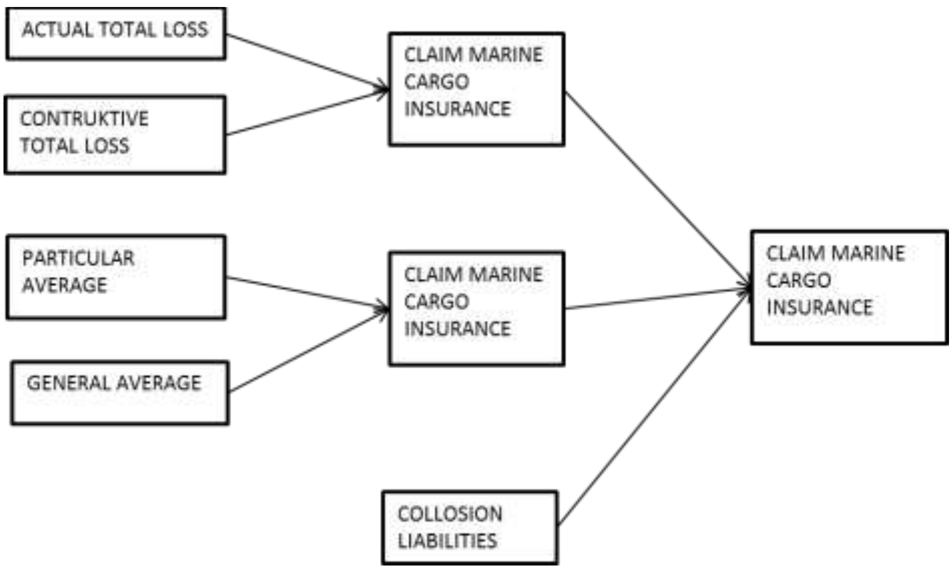

Figure 1. Ship cargo insurance claim process

2. METHOD

The method used in this study is a qualitative type with a descriptive method. Sources of research data obtained from informants, field notes, and documents that can explain what information is the basis for the shipping insurance claim process by the shipping company PT.ABC. In this study, the authors chose primary data because the researchers obtained data from the results of interviews with researchers with informants. While secondary data comes from literature studies and scientific articles related to marine cargo insurance claims.

This research is divided into three lines of thought, namely identification, and formulation of problems, analysis and discussion, and research results. Identify and formulate problems by identifying possible problems that occur during the claim submission process. Based on the results of this identification will then formulated the problem to be discussed in the study. Analysis and discussion by carrying out the process of analysis and discussion of the problems that occur through the literature and collecting the necessary data. the next step is a discussion of the problems faced by covering the procedures and stages of filing a claim, the method adopted, and the evaluation method used for optimizing insurance claims. The purpose of this study is to evaluate the proper procedure in the marine cargo insurance claim process and the method in preparing the insurance claim document into an accurate and complete document so as to optimize the insurance company's coverage value for all losses in accordance with the details of the claim value calculation. insurance that has been covered.

3. RESULTS AND DISCUSSION

Interviews were conducted on three informants who are considered representative of the problem object in the study. The selection of the research sample was based on ownership of information about the optimization of the marine cargo insurance claim process at the shipping company PT. ABC, while the number of research samples is adjusted to the needs of information data and the objectives of the research. Informants in this study were Mr. Agus Jauhari as Operations Manager of PT.ABC; Ricko Setyawan as operational staff of PT. ABC; Tri Darto as Freight Forwarding Staff of PT. A B C; Guntoro as Packing Staff for PT. ABC.

Based on the results of interviews with the informants, the findings are in the form of an insurance claim process that must pay attention to the person in charge of carrying out marine cargo insurance claims. Types of compensation that can be submitted in the insurance claim process. Requirements in the process of filing an insurance claim, and the evidence that must be prepared to file an insurance claim. In addition, the loss must be filed immediately considering the deadline for submitting an insurance claim. The essence of the claim for ship cargo is compensation paid in accordance with the loss borne by the insurer in order to repair the suffering of the insured from loss of property.

The parties participating in the ship cargo insurance contract are the insurer and the insured who are usually the owners of the cargo. the insured as a party to the contract has the right to file a claim for compensation for losses based on the charge policy against the policy guarantor. Another party who is not a direct party to the insurance contract is an insurance agent. so if the insurance agent is authorized to claim loss of the insured property, then he can do so on behalf of the insured company. An important point in filing a claim is the insurable interest in the insured object at the time of loss. Anyone who can make a claim must have an interest in the object that can be insured. Note that in the case of a marine cargo insurance policy contract, where the goods are damaged before shipment, the buyer may sue the policy, provided it has been granted to him, even though he has no insurable interest in the goods at that time. With the assignment of the policy, the beneficiary becomes entitled to claim any claim from the assignor, whether or not he has an interest in the object insured at the time of the loss.

The compensation provided in the ship cargo insurance contract is compensation for loss or damage to the insured's property caused by the insured risk. Under the principle of compensation, the level of compensation depends on the level of loss borne by the insured. If the insured item is completely lost, the insured will be compensated for the sum insured, and if not, the compensation will be divided according to the actual loss. Moreover, if the insured has taken several efforts to minimize or prevent losses, the costs incurred are borne by the underwriter because this shows the loyalty of the underwriter. guaranteed not to make a profit from insurance. Thus, it can be said that the types of claims are compensation and reimbursement of costs incurred to minimize or prevent the loss of the insured object.

Ship cargo claim procedure

Most insurance company policies require that immediate notification be given to the nearest branch or agency in the event of damage giving rise to a claim under the policy on goods. When notified of the damage, the company or Lloyd's agent, as the case may be, begins appointing a suitable surveyor to inspect the goods and report the nature and extent of the damage. Presentation of claims is to negotiate documents that support the insured case. It is very difficult to state with any degree of legal precision exactly to whom the evidentiary responsibility falls in each case, but in general, the insured must be able to prove the loss with the peril he insured.

The object of filing a claim is compensation, a sum of money, paid to the insured when the insured property is lost or damaged due to the insured risk. The purpose of indemnification is to repair the insured who suffers financial loss, loss of property, therefore, the amount of compensation depends on the amount of loss covered by the insured. This means that what is guaranteed can or cannot be compensated for up to the sum assured, even though it was fixed at the time of making the contract. The burden of proof of loss is on the insured.

Insurance companies offer four types of policy insurance policies to policyholders, namely: voyage policy, floating policy, open cover policy, third party policy. The voyage policy contains the nature, number of goods, and trips that have been determined previously. The name of the ship, the port of departure and arrival, the sender and recipient, the amount and value of the goods insured are known before the insurance of the policy. For this policy, the risks are well defined and usually, the policy is covered for occasional deliveries. the floating policy contains the determination of the number of goods to be transported, but the time is not specified. This policy is generally used for commercial delivery contracts that spread over an indefinite period. Thus there are several shipping policies, the floating policy will include the total value and the number of shipments. The open cover policy contains specifying the time but does not specify the amount. This policy automatically covers all goods sent by the insured within the specified period, any goods, means of transport, and destination. The only thing a reassured person should do is to make known all shipments to the

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insurance company. In general, open cover policies are used by traders and producers who regularly export or import various types of goods to and from ports in various countries. The open cover policy is updated annually by tacit agreement. The advantages of this policy are practical, no need for formalities, automatic and there are time and cost advantages. Meanwhile, it is an open cover policy that is proposed for shipping companies, forwarding, and transportation agents who can cover the goods that their clients request to ensure and carry or ship. This policy is an open cover one where insurance is not automatic as it only covers shipments that are required to ensure their clients.

Document Proof of Completion of the marine cargo insurance claim process

a. The insurance contract is written evidence that is by the conditions of insurance, the risks covered and excluded, the rights and obligations of the parties, the sum assured, the payment of premiums as agreed by the parties. The important content is to show the existence of the Coverage

b. Proof of payment of insurance premiums. Premium is a consideration to carry out the risk insured by the insurer. Therefore, when a claim is made, the insured must prove that his contractual obligations are fulfilled by the contract. proof of payment can be in the form of a receipt, or other written evidence showing payment, however, it is important to be signed by the insurer or his agent. Insurable interest of the insured. The plaintiff must have an insurable interest in the insured object at the time of the loss.

c. Shipping documents that must be prepared include: Official certificates relative to the origin, condition, and suitability of goods for export; Detailed specifications provide a complete description of the importance shipped, and details of their weight and/or measurements; Invoice for delivery of detailed prices in respect of full insured interest; Pre-shipment survey report if any; Bill of lading and charter-party if any, provided by shipper to ship against the issue of "clean" bill of cargo.

d. Details of the cargo journey if the carrier has an accident and/or bad weather, tract from the main logbook, and/or an extended copy of the protest master. Previous ship delivery

e. The nature of the acceptance is given to the ship owner. If a cargo inspector is employed on behalf of the consignee, a copy of the report; Landing account details, and/or other documentary evidence relative to the exterior of the goods; The nature of the receipt given to the carrier at the time of delivery of the goods.

f. If the goods are damaged, they must attach: Survey reports and/or other documentary evidence relating to the cause, nature, and extent of damage; If the damaged goods have been disposed of by selling them together with the details of the votes acquired on the date and place of sale; If the defective item has been reconditioned, account for the cost of the reconditioning; The certificate of condemnation relative to the damaged goods is destroyed by order of an official health authority or other authority; Account for survey fees any other costs incurred. If the goods have been delivered short or lost; The final outturn description separates voice and ullaged packets; Short landing certificate, if both have been issued by the carrier ship; Survey reports, if any, relative to the proposed package, and other documentary evidence with respect to cause and extent of loss; Accounts for survey fees, if any; In the case of claims for rescue or prosecution and labor costs; Full details of the operations concerned and accounts for expenses incurred; A copy of the notice which may have been made in writing to the carrier or other party against whom the insured may have a claim, and any correspondence following the delivery of such notice.

Although attaching general documents that must be shown when claiming marine cargo insurance (Certificate or Insurance Policy, Packing List, Bill of Lading, Survey Report, etc.), other additional documents are still required depending on the nature of the goods. or other factors (Certificate of Rescue, Certificate of Destruction, Certificate of Laboratory). Thus, the interdisciplinary translation task is carried out in commercial translation as a whole and more specifically when marine cargo insurance claims are settled with different predictable communicative purposes and with different internal structures entering into relationships and interacting (transport documents, correspondence, or insurance contracts). Therefore, documents that are produced when there is a loss or damage to the cargo on the goods can be understood as an interacting link [11] and connected to each other communicatively. The goal is to ensure prompt settlement of claims. In addition, understanding the context of the situation in which this type is created helps to form the background knowledge needed to overcome the understanding of systems of interdependent linkages [11] or chains of linkages [12] .

4. CONCLUSION

Marine cargo insurance is basically supplementary insurance, not liability insurance. Cargo insurance companies will not normally insure cargo owners against any liability they may have to indemnify the Carrier for loss or damage caused by the carriage of dangerous goods. However, an event that causes damage to the ship may also result in damage to or loss of the goods themselves. marine cargo insurance provides coverage for at least some of the claims that may occur from the requirements of insuring goods against 'all risks' or simply ensuring goods against fire or explosion. However, various clauses exclude coverage when the loss or damage has been caused by the willful fault of the Insured. Insufficient or unsuitable packing of the goods insured to withstand the usual incidents of transit of the insured where packing or preparation is carried out by the Insured or his employees or prior to the attachment of insurance, inherent vice or nature of the subject matter insured

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