

**Legal Protection to the Insured
In the Insurance Contract Based on
Law Number 2 Year 2002 Regarding Insurance Business**

ABSTRACT

Insurance is an agreement between two or more parties, by which the insurer binds himself to the insured, by receiving a premium, to provide an indemnity to the insured because of loss, damage, or loss of expected profit, or legal liability of third party which may be suffered by the insured, which arise from an uncertain event, or to provide a payment based on the death or survival of an insured person.

The insured should fulfill its obligation paying in term of premium payment prior to the fulfillment of the insurer's obligation paying claim in the future if risk of loss of the uncertain event which is covered by the policy occurs. Generally, the insured has a limited understanding about technical aspects and contract of insurance. In practice, insurance contract has been prepared in standard by the insurer in a document called policy. It causes the bargaining position of the insured tends to weak and the certainty of fulfillment of the insurer obligation will be done in the future if risk of loss of the uncertain event which is covered by the policy occurs.

The protection of the insured's right is the main goal of Law Number 2 Year 1992 regarding Insurance Business and its implementing regulation. As the legal ground for the insurance companies to do its business and to manage public fund through the premium collection, the legislation is assumed to be not fully provide the certainty of the fulfillment of the insured's right when the insurance company is bankrupt or liquidated. Hence, the rights of the insured need to be more protected by setting-up a policy protection scheme.