# “Utmost good faith principle in Indonesian insurance law as a legal reason to harm the insured party”


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# UTMOST GOOD FAITH PRINCIPLE IN INDONESIAN INSURANCE LAW AS A LEGAL REASON TO HARM THE INSURED PARTY

## Abstract

The principle of utmost good faith has been recognized as one of the essential principles in insurance, and its practice in other countries has been fairly applied to both parties. It is suspected that this insurance principle in regulation and its implementation in Indonesia only burdens one unilateral. Therefore, this study aims to prove the allegation that the principle of utmost good faith favors only the insurer and its application in dispute resolution directed at harming the insured party. This study uses a case study approach, with five insurance legal cases in the form of court decisions as purposively selected objects. Qualitative analysis (content analysis) was then carried out to obtain data: data codification, data presentation, and conclusions/verification. The principle of utmost good faith is regulated by the following documents of Indonesian insurance law: Indonesian Commercial Law Code, Act No.7/1992 and Act No.40/2014. The results showed that the utmost good faith principle in several Indonesian insurance regulations is more in favor of insurance companies. The insurance company always utilizes Article 251 of the Indonesian Commercial Law Code or the utmost good faith principle as a shield to commit fraud, and refuses to fulfill its legal liability with the aim of harming the insured.

**Keywords** insured, insurance company, insurer, shield, fraud, insurance principle, insurance regulation, content analysis

**JEL Classification** G22, G52, K12

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## INTRODUCTION

The insurance industry is a central bulwark against uncertainty (Ericson & Doyle, 2004). Armed with an insurance policy, the risk of loss can be transferred from one entity to another (Agumya & Hunter, 2002; Torbira, 2018), in exchange for periodic payments, one party, namely the insurer, agrees in return for compensation known as a premium (Zakariyah et al., 2023), will pay the agreed amount of money to the other party, namely the insured (Wild, 2006).

The insurer's willingness to take risks and pay compensation to the insured party is not selfless. In addition to being obliged to pay premiums, policyholders are also required to disclose all material facts related to the insured matter (duty of disclosure) and are prohibited from providing incorrect information (misrepresentation). This principle is known as the utmost good faith (uberrima fides) or the principle of perfect honesty, which in Indonesian insurance law has been regulated in Article 251 of the Indonesian Commercial Law Code (ICLC).

The principles set out in Article 251 of the ICLC are general principles applicable to insurance legislation around the world. Indonesia accepts this principle as part of the citizens of the world, and its existence is in-

separable from the principle of agreement according to Article 1338 (3) of the Civil Law Code of Indonesia (CLCI). Hartono (1985) said the principles in Article 251 of the ICLC are the principle uberrima fides or the principle of utmost good faith, is a specialist lex of good faith under the provisions of civil law. This principle of insurance in Sastrawidjaya's view is very burdensome for the insured (Suparman & Endang, 2007). The application of this principle in Indonesia is still borne by the insured, while in other countries such as the UK and Malaysia it has been applied equally to both parties. Therefore, this insurance principle is allegedly not in line with the fifth precept of Pancasila, which is regulated in the constitution of the Republic of Indonesia. This is natural because the ICLC is a product of colonial law colored by individualism, liberalism, capitalism, and secularism.

Justice as fairness has clear normative implications for the institution of contract law (Klijnsma, 2015). The fairness also has become an important basic principle in Indonesian contract law, and the principle in the legal norms of insurance contracts must be in the nature of respecting and guaranteeing legal protection to both parties without any discriminatory treatment, especially when deliberately designed to harm one of the parties. Rawls (1973) said justice does not allow the sacrifices made to a small number of people to be worse for most of the benefits that many people can enjoy.

The aim of this study is to prove that setting the utmost good faith principle in insurance law in Indonesia only favors insurance companies, and this principle in insurance contracts tends to be used by insurance companies to harm the insured.

## 1. THEORETICAL BASIS

According to Raslin Saluja (2021), an insurance contract is based on the following principles: the principle of insurable interest, indemnity, contribution, subrogation, loss minimization, causa proximal, and utmost good faith. The utmost good faith occasionally referred to by its Latin name, "uberrimae fides," is a contractual legal principle that requires the parties to act honestly, and not to mislead or conceal any information that is essential to the contract (Bids, 2019). Collins English Dictionary (2022) interprets utmost good faith as "a principle used in insurance contracts, legally obliging all parties to reveal to the others any information that might influence the others' decision to enter into the contract." The meaning of the duty of good faith may change depending on the context or the contract in which it is contained (Yang, 2017). Fuhr and Panesar (2022) argue that "the duty of good faith is a two-way street". This principle is one of the main characteristics of an insurance policy. It means that the insured and the insurer will be honest and not withhold important information required to issue the insurance policy (Yohannan, 2022). For example, the life insurance insured is asked to provide details of income, health, and existing life insurance policies based on which the insurer will decide to issue the policy or the size of the charge. The insurer can reject any claim if the insured party does not give accurate information.

The presence of the principle of utmost good faith arises from the need to overcome information asymmetry, a phenomenon explained through economics as a lack of transformation of information between buyers and sellers (Morris, 1994). In an insurance contract, the insured may know more about the risks that threaten him than the insurance company. In most models, it is assumed that the potential insured knows his own risks better than the insurer (Chassagnon & Chiappori, 1997), therefore in insurance practice, it is required to disclose material conditions and facts regarding the insurance object owned by it to the insurance company. Krammer describes contracts with utmost good faith as "very complex in character and highly susceptible to abuse by one of the parties (Cohen et al., 1993) in a stronger position. The present insurance law does not adequately protect the interests of vulnerable insured. Recent cases demonstrate how an insurer may take advantage of its discretion (Dixon, 2012). Dixon said: "the duty of utmost good faith cannot be legally enforced in New Zealand at present.


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Each possible constraint on insurers falls short either through the content of the relevant obligations, or its enforcement". It is possible that this is related to the issue of justice. The duty of utmost good faith is currently operating hard on the insured, but not on the insurer (Dixon, 2012). Naturally, in contractual dealings, the expected standard is 'fair dealing' in contractual performance and anything less is contrary to prevailing community expectations (Dorfman, 2012; Wright, 2017).

The principle of good faith is significant in German contract law, specifically in the reinsurance sphere. This principle is a basis for correcting injustices by applying statutory law and a reference point for modern legislation (Bork & Wandt, 2020). Vásquez-Vega (2014) compared the Colombian and English insurance law and concluded that both countries impose pre-contractual information duties on the assured party; in those cases, all duties are derived from the above-mentioned principle.

This study uses a legal (regulation) approach and court decisions by selecting five insurance legal cases as purposively selected objects. Legal materials such as laws and regulations and court decisions in insurance cases are read, explained, and interpreted in substance from one another. Data analysis in this study took the form of content analysis (Ahmad, 2018). The content analysis approach as part of qualitative analysis is used to analyze legal documents and court decisions that are the object of this study, which starts from the stage of data codification, data presentation, and conclusions/verification (Stepchenkova et al., 2009).

# 2. RESULTS AND DISCUSSION

Based on the conducted research, it was found that several Indonesian insurance regulations regulate the principle of utmost good faith, which contains elements of appeasement to insurance companies as insurers, as shown in Table 1.

The findings of several Indonesian insurance regulations that have a tendency to favor insurance companies as explained above turned out to be parallel to the practice of using the utmost good faith principle in resolving insurance cases in court. There are many insurance cases, where the insurance company always takes advantage of the principle of utmost good faith, especially the provisions of Article 251 of the ICLC to harm the policyholder, insured or his heirs. Some of these cases include the following (see Table 2).

## 2.1. The Principle of utmost good faith in Indonesian insurance law favors the insurer

The regulation of the principle of utmost good faith in Indonesian insurance law was first found normatively in Article 251 of the ICLC. The presence of this principle in the ICLC is undoubtedly with a view to protecting the interests of the insurer in its position as insurer party. On the grounds of insurance as an uberrimae fidei contract, it requires the party receiving the protection (insured) to disclose all material facts known to him personally to the party receiving the transfer of risk, namely the insurance company.

"Any misrepresentation, or any non-disclosure, however good faith is to him, which is of such a nature, that if the insurer has known about the in-

**Table 1.** Highest good faith regulation in insurance regulation

Source: Processed from various acts.

| No. | Acts | Implementing Regulations of the Act | Articles |
|---|---|---|---|
| 1 | The ICLC | – | 251 |
| 2 | Act No. 7/1992 | – | – |
| | | GR No. 73/1992; | 27 (4) |
| | | GR No. 63/1999; | |
| | | GR No. 39/2008; | |
| | | GR No. 81/2008 | |
| | | Finance Minister Regulation (FMR) No. 152/PMK.010/2012 | 64 (2). d |
| 23 | Act No. 40/2014 | – | 31 (2) |
| | | | 71 (1) & (2) |

**Table 2.** Utmost good faith principle as a legal reason for insurers to harm the insured party

Source: Processed from the Directory of Supreme Court Decisions, 2011–2015.

| No. | Case number/parties to the dispute | Insurer's Rebuttal |
|---|---|---|
| 1 | 1987 K/Pdt/2011<br>(Asuransi Recapital vs. Zainuddin Anshori) | The provisions of Article 251 of the ICLC adhere to the principle of utmost good faith, which is an obligation that must be fulfilled by the prospective insured before the coverage or insurance agreement is closed (p. 11) |
| 2 | 1935 K/Pdt/2012<br>(PT. Asuransi Harta Aman Pratama vs. PT. Pelayaran Manalagi) | The Insured should in the Insurance Policy, be obliged to notify the Insurer of the state of the insured object. This has been expressly stipulated in the provisions of Article 251 of the ICLC (p. 46) |
| 3 | 1997 K/PDT/2013<br>(AXA Mandiri vs Syamsuddin Ka'in) | That the insured had bad faith by giving false information about his medical history, namely the late Nurfianti Syam, when filling out the life insurance form, gave misleading information (p. 7)<br>In addition to having fulfilled the conditions for the cancellation of the insurance agreement (Article 251 of the ICLC) and Article 3 of the General Provisions of the Life & Investment Insurance Policy, it has also violated the provisions of Article 1338 of the CLCI on good faith (p. 8) |
| 4 | 1040K/Pdt/2014<br>(Samrida vs. PT.Asuransi Adira Dinamika) | The insured's act of giving false information (Article 251 of the ICLC) with the aim of harming the Insurer is a violation of the policy, the act is reasonable to be declared an unlawful act (Article 1365 of the CLCI) (p. 10) |
| 5 | 548K/Pdt.Sus-BPSK/2015<br>(PT.Asuransi Cigna vs Dio Utama Putra & PT. Bank CIM Niaga Kab. Pesisir Selatan) | The insured has misrepresentation. Non-fulfillment of this provision results in the coverage being null and void, as per Article 251 of the ICLC (pp. 29-30) |

sured(s), however good faith is with him, which is of such a nature, so that if the insurer had known the actual circumstances, the agreement would not have been closed, or if it had been closed on the same terms, resulting in the cancellation of the insured agreement" (Article 251 of the ICLC).

Under the provisions of the ICLC above, the first obligation for the insured is the prohibition against silence, silence, or silence of a thousand languages, without any information (non-disclosure) regarding his interests to be transferred, which should have been stated to or must be known to the insurer at the pre-contract stage, because in this regard, the insured has more complete information that he knows personally compared to the insurance company. While the second obligation is a prohibition for the insured to provide disclosures, information, information that is false, false or fictitious regarding his interests that will be insured to the insurance company. If the insurance contract has already occurred, but the two prohibitions are not fulfilled, whether it is known by the insurer some time after the insurance contract is closed or signed, or it is known before the contract expires, or known some time after the event occurs or the moment when the insurance claim is processed or filed by the insured, then such an insurance contract can be void by itself or can be ignored by the insurer.

Article 251 of the ICLC above states, in the insurance agreement, good faith alone is not enough, but the prospective insured is required to give the best of good faith or have perfect honesty, because the prospective insured is considered to better understand the object to be insured. The utmost aspect basically emphasizes the importance of the insured's initiative to voluntarily disclose material circumstances that he knows personally without having to wait to be asked by the insurer (underwriter), while the good faith aspect emphasizes the good faith of the insured to always answer or honestly disclose any questions submitted by the insurer (Huda, 2020).

The principle in Article 251 of the ICLC above indicates the existence of unfair treatment to one of the parties to the insurance contract. The insurer is placed in a privileged position, while the insured is the opposite. This is due to the absence of similar obligations imposed on the insurance company to comply with the principle in question, even though the insured needs to obtain a thorough disclosure of the insurance product being marketed, along with all the risks and benefits from the insurance company or through its agents. The existence of lawmakers' appeals only to the insurer is seen as a source of problems for efforts to realize fairness or equality in the relationship of insurance contracts and is alleged to be a fundamental obstacle to fair legal protection for policyholders, insureds or insurance participants. Similar conditions are also found in the insurance law regulations that have emerged recently and


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regulated outside the ICLC, such as the Insurance Business Act (Act No. 7/1992), which is technically regulated through Article 27 (4) of Government Regulation (GR) No. 73/1992, GR No. 63/1999, GR No. 39/2008 and last change to GR No. 81/2008. In addition, the insurance rules are set out in Article 64 (2)d of Finance Minister Regulation (FMR) No. 152/PMK.010/2012 and Article 31 (2) of Act No. 40/2014, as already mentioned in Table 1.

Act No. 7/1992 (Insurance Business) does not regulate the importance of disclosure, notification of information or material facts by any of the parties involved in an insurance contractual relationship known as the utmost good faith principle. The insurance principle referred to is only regulated in implementation regulations, namely Article 27 (4) of GR No. 73/1992, which reads as follows:

"The Insurance Agent in carrying out its activities must provide true and clear information to the prospective insured about the insurance program being marketed and the provisions of the policy content, including regarding the rights and obligations of the prospective insured".

The duties carried out by this agent are a representation of the duties of the insurance company, because the presence of the agent is basically in order to bridge the interests of the insurance company or insurer, because the insurance agent in its activities provides services in marketing insurance services for and on behalf of the insurance company or insurer. This condition shows that the legal politics used by Act No. 7/1992 implemented in GR No. 73/1992 or its successor, seeks to exempt the insurance company from utmost good faith obligations, the obligation in question is actually transferred to another party, namely, the insurance agent. This condition is clearly contrary to the concept of equal treatment before the law based on the Constitution of the Republic of Indonesia (UUD 1945), especially in Article 27 (1), which states that "all citizens have concurrent positions in law and government and are obliged to uphold that law and government with no exceptions".

During the Ministry of Finance under the leadership of Agus D.W. Martowardojo, in order to compensate for the provisions of Article 251 of the ICLC, a regulation was once regulated that regulates the principle of utmost good faith, which gives the insurance company the obligation to comply with the principle of insurance in question; but this regulation is not effectively implemented because it does not favor the interests of business actors in the insurance industry, The regulation in question is Finance Minister Regulation (FMR) No. 152/PMK.010/2012, concerning Good Corporate Governance for Insurance Companies. One of the important articles of FMR No. 152/PMK.010/2012 is Article 64 paragraph (2) subparagraphs c and d, namely:

"Insurance Companies, Reinsurance Companies, Insurance Brokerage Companies, Reinsurance Brokerage Companies, and Insurance Agent Companies, are required to disclose material and relevant information to policyholders, insureds, participants, and/or parties entitled to benefit and act with integrity, competence, and utmost good faith".

The obligations of insurance companies in FMR No. 152/PMK.010/2012 are quite extensive. In addition to having to disclose material and relevant information to the policyholder, or insured, the regulation also requires insurers to act in integrity, competence and utmost good faith.

As of October 17, 2014, Indonesia already has a new Insurance Law that regulates the principle of utmost good faith for insurance companies, as explained in Article 31 (2) of Act No. 40/2014:

"Insurance Agents, Insurance Brokers, Reinsurance Brokers, and Insurance Companies are obliged to provide true, non-false, and/or non-misleading information to policyholders, insureds, or participants regarding the risks, benefits, liabilities and charges associated with insurance products or sharia insurance products offered."

When compared between Article 251 of the ICLC above and Article 31 (2) of Act No.40/2014, the meaning and scope of the latter regulation actually goes backwards, because it only provides for the prohibition of misrepresentation and is not found in the article in question the provisions of the duty of disclosure. This situation shows that Act No.40/2014 allows insurance agents, insurance brokers, reinsurance brokers, and insurance companies to be silent, not to provide any information

to the policyholder, or the insured, be it regarding the risks, benefits, liabilities and charges associated with insurance products or sharia insurance products offered.

Based on Article 251 of the ICLC, general good faith is not sufficient, the insured must notify all material circumstances or facts known to the insurer relating to the object of insurance, requested or not by the insurer. On the other hand, Article 31 (2) of Act No. 40/2014 does not question the good faith of agents, brokers and insurance companies. Whether the information submitted by them to the insured is true or not, there is no affirmation that the information submitted by the insurer is done voluntarily, without having to be requested by the insured.

In addition, the scope of the information of circumstances or material facts that must be submitted by the insured person that he personally knows to the insurer under Article 251 of the ICLC is not limited, so that the insurer may request any information, by making it up, or at will, in order to complicate or frame the insured, thereby hindering the insured from receiving his rights to compensation or payment of insurance benefits. Whereas in Article 31 (2) of Act No. 40/2014, the scope of information that must be submitted by agents, brokers and insurance companies to the insured is limited only to information relating to risks, benefits, liabilities and charges related to the insurance products offered.

Sanctions in the provisions of Article 251 of the ICLC, if the insured who is proven to have given false, untrue, misrepresentation or non-disclosure causes the cancellation of the insurance contract, because information requested by the insurer is related to the object of insurance, it is natural that the sanction is null and void. This is in line with the terms of validity of the objective agreement stipulated in the provisions of Article 1320 of the ICLC. Meanwhile, if agents, insurance/reinsurance brokers, and insurance companies are proven to have violated the same insurance principles, there is no provision for sanctions for canceling the insurance contract, nor for civil sanctions in the form of compensation rights to the policyholder or the insured in Act No. 40/2014. The Act only regulates criminal sanctions in Article 75 of Law No. 40/2014:

"Any Person who deliberately does not provide information or provide information that is untrue, false, and/or mislead the Policy Holder, the Insured, or Participant as referred to in Article 31 paragraph (2) shall be punished with imprisonment for a maximum of 5 (five) years and a maximum fine of Rp. 5,000,000,000.00 (five billion rupiah)".

Compensation for payment of a sum of money in the criminal sanctions above is not given to the policyholder or the insured, but instead goes into and becomes income for the state treasury.

The existence of provisions governing legal principles that deliberately give unequal treatment to the parties to the insurance agreement is clearly contrary to the basis of the state philosophy of Pancasila and the law itself. In other words, Act No. 40/2014 does not guarantee legal protection to policyholders, insureds or insurance participants from non-disclosure actions carried out by insurance companies.

## 2.2. Application of utmost good faith principle aims to harm the insured

According to the 1998 Fraud Report Fiscal Year, released by the American Department of Justice Health Care (DJHCA), there are several factors that cause fraud such as those that occur in default cases resolved through court forums. In addition to the need factor and greed factor, the important factor that is the focus in this study is the opportunity factor. Insurance companies take advantage of the legal loopholes in Article 251 of the ICLC by committing fraud, such as refusing to fulfill insurance claims submitted by the insured party. This legal loophole known as the principle of utmost good faith has existed for a long time since the ICLC was officially enacted in Indonesia on May 1, 1848.

The enactment of the utmost good faith principle as stipulated in the ICLC should not only bind the insured, but also the insurer. An expert named Like Wise Farwell L.J. with his opinion welcomed by Judge Carter, said an insurance contract is an agreement that requires uberrima fides, not only by the insured, but also by the insurance company. Nonetheless, Carter (2013) stated that the duty of


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disclosure is mainly charged to the insured, because in the insurance agreement, the position of the insurer is relatively more passive. The author disagrees with Carter, precisely in the insurance contract the insurer must be more active in seeking information by preparing a list of questions and investigating the condition of the insured's insurance object to protect himself from fraud.

The insurance principles in the ICLC were originally designed to uphold fairness, especially in an effort to protect insurance companies from fraud that may be committed by the insured. Currently, the opposite is true, the principle of insurance is used excessively by insurance companies with the aim of harming the insured.

The insurance case under Decision No. 1997 K/PDT/2013 between AXA Mandiri vs Syamsuddin Ka'in occurred due to the rejection of the insurance claim made by AXA Mandiri on the claim filed by the Plaintiff named Syamsudin Ka'in. The insurer reasoned that the insured (the late Nurfianti Syam) had assumed bad faith by giving false or misrepresentation about his medical history when filling out the Life Insurance Request Letter form.

Another insurance dispute is Decision No. 2587 K/Pdt/2014 between PT. Commonwealth life vs Mrs. Kwee Lanny & David Laurence Christian; in this case, the insurer accused the insured of not informing (non-disclosure) regarding the results of the health checks he had conducted at a clinical laboratory. The actions of the insured named Daniel Adam thus proved that the person concerned had violated the principle of utmost good faith, and resulted in the policy being void.

There are many findings in insurance cases that have been settled at the Indonesian Supreme Court, application of Article 251 ICLC by insurance companies as a legal reason for the benefit of the insurance companies or for the purpose of harming the policyholder or the insured, as can be seen in the five cases selected as the object of this study, as presented in Table 2.

Insurance case in Decision No. 1987 K/Pdt/2011, in his defense, the defendant (the insurer) postulated that the insurance claim filed by the plaintiff (the policyholder) was rejected on the grounds that there had been a discrepancy regarding the time of departure, which, according to the defendant's argument, stated that the freighter departed on June 19, 2008, while the date of signing the new policy was on June 23, 2008. The insurer contends that the policyholder has been proven to have lawfully and convincingly provided false and dishonest information by manipulating the data, or the policyholder has misrepresented the date of departure of the ship to the insurer based on the submission and examination of written evidence in the possession of the insurer or the testimony of witnesses who have been presented at trial.

The panel of district court judges in its legal deliberations held that the plaintiff had committed a misrepresentation, which was a violation of the principle of utmost good faith in insurance law as referred to in the provisions of Article 251 of the ICLC. Although the appellate judge overturned the district court's decision, the panel of cassation judges later annulled the cancellation and stated that the reasons for the appeal requested by the insurer were justifiable, because the panel of high court judges had misapplied the law. Ultimately, a panel of cassation judges (Supreme Court) ruled that under Article 251 of the ICLC, the coverage became void because it violated the principle of utmost good faith and the Plaintiff/Respondent of Cassation (Policyholder) had defaulted and the Defendant/Petitioner of Cassation (Insurance Company) had no legal obligation in relation to the insurance claim requested by the Plaintiff/Respondent of Cassation, and in the suit a quo the legal considerations of the District Court were appropriate and true.

In other insurance cases such as in the Supreme Court Decision No. 1997 K/PDT/2013, the plaintiff filed a life insurance claim for his deceased child with the insurance company, but the insurance company in its defense stated that the policyholder had bad faith by providing incorrect information about the insured's medical history, namely the deceased Nurfianti Syam, because when filling out the Life Insurance Application Letter the plaintiff as the policyholder has provided misleading information, so that it has met the conditions for the cancellation of the coverage agreement as stipulated in Article 251 of the ICLC.

The Supreme Court in its legal considerations stated that the reasons for the appeal of the cassation

applicant (insurer) could not be justified, because after carefully examining the memory of the cassation dated December 14, 2011, it was connected with the consideration of the Makassar District Court Decision, which was corroborated by the Makassar High Court; it turned out that it was not wrong to apply the law and had given sufficient legal consideration. The Supreme Court further stated that the defendant (insurance company) had breached the contract, and the insurance company (agent) should have first examined the whereabouts of the prospective insured before entering into an insurance contract.

Based on Table 2, the insurance company is proved in its rebuttal to always use the provisions of Article 251 of the ICLC or utmost good faith principle as a legal reason to avoid its legal liability, as seen in Decision No. 1987 K/Pdt/2011; Verdict No. 1935 K/Pdt/2012; Decision No. 1997 K/PDT/2013; 1040K/Pdt/2014; and Decision No. 548K/Pdt.Sus-BPSK/2015. In other words, this insurance principle has been used as a shield by the insurer to protect himself and his interests. This tendency is feared to continue to be abused in the future for the purpose of harming the policyholder or the insured. On the one hand, the principle of utmost good faith is actually used by the insurer as a weapon to harm the insured party, but on the other hand, legal facts show that the judge of the court generally has a reverse view on the reasons stated by the insurer, and in his ruling the panel of judges tends to choose the side of the insured.

## CONCLUSION

This study was conducted to ensure that the principle of utmost good faith in insurance law is used by the insurer for the purpose of harming the insured party. Based on the research that has been carried out, this principle is regulated by the Indonesian Commercial Law Code, Act No. 7/1992 and Act No. 40/2014. This study selected five legal insurance cases as purposive objects. In three cases out of five, the insured gave false information and it also violated the provisions of articles of the Indonesian Commercial Law Code on good faith. The study considers two scenarios: Firstly, the principle of utmost good faith in Indonesian insurance law favors the insurer; secondly, application of utmost good faith principle aims to harm the insured. The findings indicate that the utmost good faith principle in Indonesian insurance law is seen as still favored to insurance companies. Furthermore, in some insurance cases, the insurance company always uses the principle as a legal reason, shield, or powerful weapon to commit fraud, and refuses to fulfill its legal liability with the aim of harming the insured. This study explores the principle of utmost good faith in insurance law in Indonesia. For future research, it is recommended that other principles be explored in order to generalize and compare the findings.

## AUTHOR CONTRIBUTIONS

Conceptualization: Mulhadi Mulhadi.
Data curation: Mulhadi Mulhadi.
Formal analysis: Mulhadi Mulhadi, Dedi Harianto.
Funding acquisition: Mulhadi Mulhadi.
Methodology: Mulhadi Mulhadi.
Project administration: Mulhadi Mulhadi, Dedi Harianto.
Resources: Dedi Harianto.
Software: Mulhadi Mulhadi, Dedi Harianto.
Supervision: Mulhadi Mulhadi, Dedi Harianto.

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