

# ANALYSIS OF PREMIUM INCOME RECOGNITION AND CLAIM EXEMPTION BASED ON PSAK NO.36 AT PT ASURANSI MULTI ARTHA GUNA TBK (AMAG)

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## Abstract

This study aims to determine the recognition of premium income and claim expenses on the analysis of premium income recognition and free claims at PT Asuransi Multi Artha Guna Tbk whether it is in accordance with PSAK No. 36. The type of research used in this study is qualitative method. Quantitative methods are research that is descriptive and tends to use analysis. The data processed are the Company's Financial Statements and interviews conducted by the author with PT Asuransi Multi Artha Guna Tbk. The data collection technique used is library research. Based on the results of the interviews that have been conducted, it can be concluded as follows: (1) The recognition of premium income of AJB Bumiputera Makassar is in accordance with PSAK No. 36, because for short-term contract premiums, the company recognizes income in accordance with what has been regulated in PSAK No. 36, namely when the contract has been agreed by both parties as well as premiums other than short-term contracts, The Company recognizes income at maturity from the Policyholder by giving the Client the obligation to pay the fee at the time the Client renews the contract. (2) The recognition of claims expense of AJB Bumiputera Makassar is in accordance with PSAK No. 36 where the expense is recognized when the claim has been approved, claims in the settlement process and claims that occur but have not been reported

Keywords: *Premium Income, Claim Expenses, PSAK No. 36*

## 1. INTRODUCTION

### 1.1. Background

Insurance business as one of the non-bank financial institutions is becoming increasingly important. This is because in addition to its business activities that provide protection to the community, insurance is also an institution that collects funds sourced from receiving insurance premiums from the public. Insurance companies are divided into two, namely life insurance and loss insurance. In Law No. 2 of 1992 Background insurance business, it states that a life insurance company is a company that provides services in overcoming risks associated with the life or death of an insured person. The essential difference between life insurance and other insurance designed primarily to protect against a particular disaster is that life insurance has an additional function, namely the function of accumulation (savings) except term life insurance (term insurance). Part of the premium that has been paid for life insurance by the insured is an accumulation of payments which will eventually be investment funds that will be handed over by the insurer to the insured. So, the dual role of life insurance is protection and investment or savings.

The income statement which is the main element is revenue and expenses where revenue is expected to be obtained maximum to encourage company activities so that the survival and growth of the company will be quickly achieved as desired While expenses are expected to be budgeted appropriately by requiring appropriate decisions and estimates by the company, so that the expenses incurred are not excessive. Revenues and expenses are directly related to aspects of asset value and liabilities. Naturally, revenues and expenses occur due to events of an increase in the

value of liabilities or a decrease in the value of assets in business operations. The preparation of an income statement requires proper recognition of income and expenses. Insurance premiums as the main operating income for the company are very important for the continuity of the company's business. For a company, the determination of policies related to premium income regarding the recognition of premium income in accordance with generally accepted accounting principles is very important to implement.

Income recognition is very important in obtaining insurance premium income. Recognition is when insurance premiums must be recognized income. Recognition of insurance premium income is very important because the insurance company's income from premiums must be sufficient to pay the company's claim expenses and operating expenses so that the company does not go bankrupt. In addition, companies that provide the basis for the right size of premiums, can make premiums as funds to invest. Statement of Financial Accounting Standards (PSAK) No. 36 in Financial Accounting Standards is a reference standard for life insurance accounting which states that premium income consists of short-term contract premiums, long-term contract premiums and other income. Meanwhile, the claim burden consists of claims that have been approved, claims in the settlement process and claims that occur but have not been reported. Pando M. Rut (2016) who examined the analysis of recognition, measurement and disclosure of income and expenses based on PSAK No. 36 stated that the recognition of income and expenses in life insurance companies must be in accordance with the Statement of Financial Accounting Standards (PSAK) No. 36 concerning life insurance contracts, which is the basis for recognizing, measuring and disclosing the income and expenses of life insurance companies that produce company income statements. The accounting treatment of life insurance companies on income and expenses that are not appropriate or not in accordance with PSAK No. 36 affects the presentation of financial statements, especially income statements. Improper presentation of the income statement can result in errors in decision making by the company's management. Therefore, the suitability of the accounting treatment applied by the company is very important and the reference is clear, namely PSAK No. 36. In this study, the results of the study found that the company's management has applied premiums other than short-term, other income, and claim expenses based on PSAK No. 36, but has not applied short-term premiums and disclosure of notes to financial statements based on PSAK No. 36.

Research conducted by Rianth Chrisalf Pitoy and Jenny Morasa (2017) states that PSAK No. 36 is a guideline for every company to be used when making accountability so that it becomes a company reference. Companies should follow PSAK No. 36, because it passes PSAK No.36 company policies can be generally accepted through recognition and measurement and disclosure of PT Asuransi Multi Arta Guna Tbk's income and expenses PT Asuransi Multi Artha Guna Tbk is a company established since November 14, 1980, the Company is present in the midst of Indonesian society and grew to become one of the largest insurance companies in Indonesia. With a long history and 42 years of operation, the Company never stops innovating to answer the needs of the Insured for the protection needed. We provide a variety of appropriate and value-added product solutions for Insureds from various walks of life. The Company is also committed to prioritizing good and responsible management of the Company by implementing the principles of Good Corporate Governance as well as possible.

## 1.2.Problem Statement

Based on what is stated in the background above, the problem formulation in this study is as follows:

1. Is the premium income recognition applied by PT Asuransi Multi Artha Guna Tbk PSAK No. 36?
2. Is the claim expense recognition applied by PT Asuransi Multi Artha Guna Tbk in accordance with PSAK No. 36?

### 1.3.Purpose of the study

Based on the problems that have been formulated before, this research was carried out with the following objectives:

1. To find out whether the recognition of premium income applied by PT Asuransi Multi Artha Guna Tbk is in accordance with PSAK No. 36
2. To find out whether the recognition of claim expenses applied by PT Asuransi Multi Artha Guna Tbk is in accordance with PSAK No. 36

### 1.4.Benefit of research

1. Theoretical Benefits  
This research is expected to be used as information to increase insight and knowledge about the recognition of premium income and claim expenses as well as comparison material between theories from various scientific reading sources with practice in the field. In addition, this research can be used as reference material for other similar research.
2. Benefits  
This research is expected to provide benefits to the community, as material to provide information regarding the recognition of premium income and claim expenses applied at PT Asuransi Multi Artha Guna Tbk
3. Benefits of Policy  
This research is expected to be used as input for company policies that should follow PSAK No. 36 standards, especially on the recognition of premium income and claim expenses.

## 2.LITERATURE REVIEWE

### 2.1.Understanding Insurance

According to Mulyadi Nitisusastro (2013: 4) explained "Insurance businesses that grow and develop consistently and sustainably, make a real contribution to the development of physical infrastructure to support national economic development". Like bank financial institutions that have laws in running their business, insurance financial institutions also have several regulations that become a reference for running an insurance business in Indonesia, including:

1. Law No. 2 of 1992 concerning Insurance Business
2. Government Regulation No. 73 of 1992 concerning Insurance Business Operations.
3. Decree of the Minister of Finance.

The definition of insurance according to Law of the Republic of Indonesia No. 2 of 1992 is: An agreement between two or more parties in which the insurer binds itself to the insured by receiving insurance premiums to provide reimbursement to the insured due to loss, damage, or loss of expected profits or legal liability to third parties that may be suffered by the insured arising from an uncertain event or to provide a payment based on for the death or life of a person accounted for. An insurance company is a non-bank financial institution whose function is to protect customers against the occurrence of a risk and also collect funds from customer premiums within a certain vulnerable period according to policy provisions. Risk is an uncertainty that has the potential to cause adverse things to occur (Harahap & Marliyah, 2020). To cover all these risks, a fairly large amount of funds is needed by the insurance company to cover all losses. Therefore, insurance companies must be managed properly and professionally in order to always get the expected profit (profit).

Types of Insurance in Indonesia As we know until now, insurance has several types of insurance classifications based on business aspects, namely:

1. Property Insurance
2. This insurance covers or protects all rights to own in the form of property.
3. Liability Insurance
4. Insurance that covers or protects due to losses arising from third parties.
5. Life Insurance
6. Insurance that covers or protects the insured as a result of unwanted things or events arising from the ability of the insured.
7. General Insurance  
Insurance that covers or protects from any risks arising from loss of benefits, legal liability to third parties.
1. Insurance Benefits  
Insurance benefits according to Dahlan Siamat (2004: 420) include:
  1. A sense of security and protection
  2. More equitable distribution of costs and benefits. The greater the loss that may arise, the greater the cost of bearing.
  3. Insurance policies can be used as collateral to obtain credit.
  4. Serves as savings.
  5. Risk deployment tools.

Based on the description above, it can be concluded that the benefits of insurance for the insured are to provide a sense of security against all possible risks, while for the insurance company as a business entity is to obtain profits called premiums.

## 2.2.Revenue Recognition and Expense Recognition

### a. Revenue Recognition

The recognition of income earned by life insurance companies is: premium income of short-term contracts and premiums other than short-term insurance contracts. The Indonesian Institute of Accountants in SAK (2007:36.18) states that, "The present value of the estimated future policy benefits paid to the policyholder or his representative minus the present value of the estimated future premium to be received from the policyholder is recognized when the premium income is recognized." The recognition of income obtained according to PSAK No. 36 depends on the components or elements that make up each of these revenues. In general, the recognition of premium income is at the time of its recording, namely when the policy is issued (accrual basic), the expected mortality, morbidity, termination, and expenses set at the time the insurance contract is made.

### b. Expense Acknowledgment

Recognition of claim burden as revealed in PSAK No. 36 adheres to accrual basic. However, in particular, there are differences in the criteria for each component or element that makes up the total accumulated load, namely:

- 1) Claims include settled claims, outstanding claims, and claims that occur but have not been reported.
- 2) The number of claims in the settlement process, including claims that occur but have not been reported, is determined based on the estimated liability of the claim. Changes in the estimated amount of claim liabilities, as a result of further review and the difference between the estimated amount of claims and claims paid, are recognized as an increase or deduction of expenses in the income statement in the period in which the change occurred.
- 3) Reinsurance claims are recognized as a deduction of claim expense in the same period as claims expense recognition.

### 2.3.previous research

The results of previous research which became the basis for this research are:

1. The results of the research that will be conducted by Agus Purnomo entitled about “analysis of premium payments in insurance sharia” (2019) calculation of premium rates on sharia insurance especially for saving and non-saving products. Follow provisions based on the table of mortality, inters/discounts, and cost difference teletak on surplus under writing for group non-savings policyholders. Product Insurance that implements a very diverse savings element, and generally included in the group of policy ownership individually including investment funds intended for customers who want funds in a few years In the future, the amount of the premium will be adjusted according to the needs of the company when the policy fell overwritten, and the size of the savings fund for the insured participant the length of the agreement period and the higher the age of the policyholder, the lower the share the participant's savings will be smaller as well on the contrary. One example that will be explained is investment fund with an annual premium of IDR 20 000,000, 5 year agreement period, 3% tabarru, loading 7% sharing ratio results 60% of participants and 40% of insurance companies, with Assuming an investment rate of 10% per year can be done like this listed in the following simulation. In the first year, from Rp. 20,000,000 premium, allocated, 3% or Rp 600,000 as tabarru funds and 35% or Rp 7,000,000 as a loading fee and is only charged on the first year only, so that funds can be allocated into participant savings of IDR 12,400,000. after invested for a year assuming the level of investment 10% gets funds of Rp. 744,000 by distribution 40% insurance company. Death fund of Rp 100,000,000 i.e. from 5 years x IDR 20,000,000 premium annual. Calculation for the amount of cash value in the year The first is the sum of the participants' savings and profit sharing for a year is Rp. 13,144.00 a year secondly, from the premium paid and the return on investment obtained, the cash value benefit becomes IDR 34,496,640 while the death claim benefit is IDR 114,496,640, the amount of the premium reserved in accordance with the pemi paid.

The same goes for year three to year five the same calculation applies, even in calculations actually can be different depending on the level of investment occurred within that time period. In addition there are models calculations based on the mortality table with ignoring other elements of the existing simulation shows the numbers in per mile or per thousand, the older the age the chance of death increases if we do the math the probability that a person aged 35 years will die before the age of 36 years, it is calculated in the following way:  $q_{35} = (135-136)/136 = d_{35}/135 = 1.612/982.664 = 0.00164 = 1.64$  per mile or per thousand This means that out of 1000 people aged 35 years will die before the age of 36 as many as 1.64 people, 10,000 people aged 35 years will die in aged 36 years as many as 1.64 people out of 100,000 people aged 35 years will die before the age of 36 years as many as 164 people. Based on the produc offeredspecifically for sharia insurance companies in focus on individuals and groups of at least 30 people. Company profits are obtained from individual active policies

2. Research conducted by ridwana turfa "method aggregate cost for calculating the annual pension fund premium on life insurancen(2020)” this research was conducted to find out the amount of premium to be paid by each employee annually using the aggregate cost method. Results obtained before the calculation is carried out first First, it must be known the age of the employee starting work, age employee pension, and salary earned. Employee profile i.e. a man who started working at the age of 25 years old, 35 years old and 40 years old who retired in 58 years old. Salary received by employees until retirement is for  $x=25$  of IDR 1,323,490,560,  $x=35$  of IDR 822,510,960 and for age  $x=40$  IDR 556,277,760. From these results it can be seen that the more The higher the age at starting work, the smaller the total salary to be earned. The next stage is calculating the value benefits with  $k$  (percentage of benefits each year) of 3% to obtain  $x = 25$  of IDR 39,704,716.80 for  $x=35$  is IDR 24,675,328.80 and for  $x=40$  is IDR 16,688,332.,80. The benefits are directly proportional to the salary as a whole  $S_r(x)$ . Data used in Premium calculation is Indonesian Mortability Table (TMI) 2011. From these data, annuity data and present value are sought retirement benefits. The annuity value for  $x=25$  is Rp 126,123,750.86. For  $x=35$  it is IDR 65,953 ,010.54 and for  $x=40$  of IDR 78,749,235.96 the present value of the benefits pension for

each  $x$  undergoes a change that significant, (up and down). Present value of benefits for retirement  $x=23$  and  $x=40$  are bigger than  $x=35$  in this case because the probability that a person aged  $x$  years will reaching  $x+n$  years will be greater if the employee's age started working ( $x$ ) getting old. The next stage determines

3.The results of research conducted by Sugeng Soedibjo and rachmafitriati entitled "setting insurance premium targets spirit of sharia to break even with the approach profit testing model". The results of this study are first, achievement of the premium portfolio in reaching the break even point very dependent on the type of product being marketed, costs operational return on investment, and the level of risk of potential participants insurance. The second, based on profit testing and analysis sensitivity, the newest type of insurance product generates a point break even and portability indicators are better than the product with an element of savings. Third, target achievement Participant's portfolio of savings products requires an amount a smaller population remembers the premium for the product These savings are much more expensive than the latest products. Fourth, every marketing requires operational costs every year. For the newest product the marketing unit will break even point in 3-5 years interval while on longer savings products. Fifth, the mortality factor for tabarru' product has a strong level of sensitivity if compared to other factors (2021), namely investment returns, costs. while for savings products the most sensitive factor is the change in investment returns

### 3.RESEARCH METHODS

#### A.Types of Research

The method used in this study is qualitative method. Quantitative methods are research that is descriptive and tends to use analysis. Process and meaning are highlighted more in research. And also Rivew Literature is a research process that involves reviewing and critically evaluating existing literary sources. The main purpose of rivew literature is to understand and describe the current state of researchers in the field related to the topic under study.

#### B.Research Focus

This study focuses on recording the recognition of premium income and the company's claim expense which will be adjusted in accordance with PSAK No. 36

#### C.Data Collection

Data collection is carried out in the following ways: Library Research This literature research is carried out by conducting a direct review of several books as library materials, lecture materials, and scientific essays related to the title to be researched.

### 4.RESULTS AND DISCUSSION

#### 4.1.COMPANY PROFILE

Established and present in the Indonesian insurance market since November 14, 1980. With a journey of more than 40 years, the Company has now grown to become one of the largest insurance companies in Indonesia, with a solid reputation and a respected position in the Indonesian insurance market. We prioritize good and responsible business operations by doing our best in implementing the principles of Good Corporate Governance

The Company never stops innovating to answer the needs of customers for insurance protection. We provide various product solutions that are in accordance with added value attribution for Customers from various groups / groups and positions. With the support of national distribution network, solid business reputation, strong capital structure and in-depth market knowledge, the Company is confident and able to answer the needs of a dynamic market.

YEAR	TRACK RECORD
1980	The company began its work as a company that provides loss insurance services.at that time Surabaya was the head office.
1983	In cooperation with The Red Shield Co. Ltd. Singapore, the Company began marketing group health insurance products. One step forward that Taken by Company because at that time only a few insurance companies sold health insurance.
1994	With the development of the company's business and as an effort to improve better service to customers, the company decided to move its head office to Jakarta and make Surabaya as a branch office
2005	In December, the Company was officially listed in Buesa Efek Jakarta as a Public company with the code AMAG, The Company's move to conduct a limited public offering aims to strengthen working capital to support the improvement of the company's performance
2008	Makassar, Medan and Palembang Representative Offices were upgraded to branch offices so that services to customers in terms of risk acceptance and claim handling became faster
2019	To strengthen its capital structure to support its business activities going forward, the Company conducted a Right Issue or Limited Public Offering I (PUT I) to shareholders in order to issue Preemptive Rights 10 -21 October 2019
2020	On February 27, 2020 the company inaugurated its new head office at The City Batavia Tower One 17th floor, Jalan KH. Maas Mamsyur Kav. 126, Jakarta
2021	In October 2021, Fairfax Financial Holdings Limited was officially acquired, through its subsidiary Fairfax Financial Holdings Limited acquired 80% of the controlling company. As a fulfillment of the provisions of the single presence policy, on December 31, 2021 PT Pairfax Insurance Indonesia, which is 80% owned by Fairfax Financial Holdings Limited, transferred its business portfolio to the company.

#### 4.2.Vision and mission of the company

##### vision

Generate a stable annual return of 15% on investments over the long term and continue to grow at, or above market growth rates.

##### Mission

- Maximizing underwriting returns and growth of invested assets
- Have superior underwriting, claims and actuarial expertise..
- Continue to improve efficiency and productivity in all work areas.
- Embrace the values and guiding principles of Fairfax Financial Holdings.
- Providing the best service to customers, business partners and colleagues

#### 4.3.RESEARCH RESULTS

##### 1. Recognition of Insurance Premium Income at PT Asuransi Multi Artha Guna Tbk

Premium income recognition is used as recognition of premium payment transactions deposited by customers every month to the cashier. Premium income at PT Asuransi Multi Artha

Guna Tbk starts from the first premium income. The first premium income is meant by people who are just starting insurance. Consists of monthly, quarterly, semester premiums and annual premiums or also called regular premiums. Then there is also such a thing as a lump sum premium and a single premium. A lump sum premium is a 50-year premium that is paid at once but this premium may also pay by way of payment per year. While the single premium is a one-time premium paid during the contract. Then there is also what is known as policy loan installments, meaning that people who already have a cash value of a certain amount can be used as collateral to the company to get a loan value of 60% of the cash value.

In this case, researchers will discuss short-term contract premiums and premiums other than short-term contracts. The journaling carried out by the company PT Asuransi Multi Artha Guna Tbk is as follows: Journal for premiums other than long-term insurance contracts: Example: The 1912 AJB Bumiputera company received premiums from 24-year-old Mr. Arya. Premiums are paid in cash or in one lump sum with a sum assured of IDR 50,000,000 for a contract period of 15 years starting from insurance. With a single premium payment of IDR 16,700,000, a commission of 3% for agents. Then the solution: Commission:  $3\% \times \text{IDR } 16,700,000 = \text{IDR } 501,000$  Premium income =  $\text{IDR } 16,700,000 - \text{IDR } 501,000 = \text{IDR } 16,199,000$   $\text{IDR } 16,199,000 / 15 \text{ years} = \text{IDR } 1,079,933$  per year Upfront income =  $\text{IDR } 16,199,000 - \text{IDR } 1,079,933 = \text{IDR } 15,119,067$  Journal: Cash IDR 16,700,000 Premium income IDR 1,079,933 Upfront income IDR 15,119,067 Agent commission income IDR 501,000 Journal for short-term insurance contract premiums: PT Asuransi Multi Artha Guna Tbk received a premium from 24-year-old Mr. Arya. Premiums are paid in cash or in one lump sum with a sum assured of IDR 10,000,000 for a contract period of 1 year starting from insurance. With a single premium of IDR 5,700,000, a 3% commission for agents. Then the solution: Commission:  $3\% \times \text{IDR } 5,700,000 = \text{IDR } 171,000$  Premium income =  $\text{IDR } 5,700,000 - \text{IDR } 171,000 = \text{IDR } 5,529,000$  Journal: Cash IDR 5,700,000 Premium income IDR 5,529,000 Agent commission income IDR 171,000

PT Asuransi Multi Artha Guna Tbk in determining the size of the contribution premium paid by each prospective policyholder based on the age of the prospective insured and the insurance benefits promised by the insurer. The measurement of premium income of PT Asuransi Multi Artha Guna Tbk is based on a number of premiums that have been paid by customers (policyholders) to the company and that have been regulated by the office of PT Asuransi Multi Artha Guna Tbk. Premium income is measured at fair value.

#### 1. Recognition of Insurance Claim Expense at PT Asuransi Multi Artha Guna Tbk

Recognition of claim expenses at PT Asuransi Multi Artha Guna Tbk records on an accrual basis. PT Asuransi Multi Artha Guna Tbk recognizes the burden of claims when customers report an incident to the company. Claims have been approved, including: 1) Claims for Death 2) Claims for Accidents 3) Claims in the settlement process include: 1) Claims for contract expiration Claims that have not been reported include: 1) Claims for redemption 2) Claims for Inpatient and Outpatient Care Insurance In terms of recording the claim burden of PT Asuransi Multi Artha Guna Tbk as follows:

- a. A death claim is a claim that arises when the beneficiary or applicant mentioned in the policy has passed away while the policy is still valid. Example of death claim: On December 10, 2017, Mrs. Ana, who had entered into a life insurance contract with PT Asuransi Multi Artha Guna Tbk, passed away while her policy was still valid. The policy value is Rp40.000.000. Maka perusahaan menjurnal: Klaim dan manfaat Rp 40.000.000 Kas Rp 40.000.000
- b. Accident claims are claims that arise when the applicant has an accident and the policy is still valid. Example of accident claim: On March 2, Mr. Adi as the policyholder had an accident and incurred a cost of Rp 3,000,000. So the company journaled: Claims and benefits IDR 3,000,000 Cash IDR 3,000,000

- c. A claim for redemption is a claim that arises when the policy generates a cash balance, while the policyholder terminates the insurance agreement. Example of claim for redemption: On April 1, 2018, Mr. Andi terminated the insurance agreement and his policy resulted in a cash balance of Rp 30,000,000. So the company journaled: Claims and benefits IDR 30,000,000 Cash IDR 30,000,000
- d. Claims for inpatient and outpatient care insurance. The claim arises because the applicant suffers from an illness and requires hospitalization or only outpatient treatment. Example of an inpatient insurance claim.

#### 1. Comparison of Premium Income Recognition and Claim Expense of PT Asuransi Multi Artha Guna Tbk with PSAK No. 36

This section will analyze by providing a comparison between the recognition of premium income and claim expenses applied by PT Asuransi Multi Artha Guna Tbk with PSAK No. 36. After analyzing the existing data, the comparison between the recognition of premium income and claim expenses on the company is fully in accordance with PSAK No. 36 which regulates life insurance.

#### 2. Premium Income Recognition

The classification of premium income in accordance with PSAK No. 36, the company classifies premium income as short-term contract premiums, contract premiums other than short-term and other income. The recognition of premium income of PT Asuransi Multi Artha Guna Tbk for short-term life insurance and non-short-term life insurance remains determined for one period (1 year), which is accumulated for a year, then included in the income statement. For life insurance other than short-term, because it has a longer contract, which is more than one year, the income and expenses of life insurance other than short-term that occur throughout the contract year, will still be included in the income statement per current period (per year) and treated the same as the previous year's income, until the end of the contract year (end of the period) which causes the contract to expire or expire.

#### 3. Acknowledgment of Claim Burden

The classification of the company's claim burden is in accordance with PSAK No. 36, namely claims that have been approved, claims in the settlement process, and claims that occur but have not been reported. In recognition of claim expenses, the company has implemented PSAK No. 36, namely the recognition of claim expenses using an accrual basis system where claim expenses are recognized when customers report an incident to the company, then the company will conduct a survey of the claims submitted and will compare the documents that exist when first entering into an agreement (insurance contract).

After getting clarity from the observations, the company will issue a memorandum of decision, and then the company makes payment for the claim to the insured. Statement of Financial Accounting Standards No. 36, which recognizes the burden of claims at the time of incurrence of obligations that meet the burden of claims. The declaratory note represents what has been mentioned in PSAK No. 36 because the deposition note contains a definite amount to be paid to the insured. In the statement of financial position of PT Asuransi Multi Artha Guna Tbk, all claims are combined in one account, namely claims and benefits except reinsurance claims.

## 4. CONCLUSION AND SUGGESTIONS

### 4.1. CONCLUSION

- a. The recognition of premium income of PT Asuransi Multi Artha Guna Tbk is fully in accordance with PSAK No. 36, the recognition of premium income of AJB Bumiputera Makassar using the accrual basis method. The Company recognizes short-term insurance contract premium income within the contract period or at the time the policy is issued. While on premiums other than short-term contracts, the company recognizes income at maturity from policyholders.

- b. The recognition of claim burden V is in accordance with PSAK No. 36 where the burden is divided into claims including claims that have been approved, claims in the settlement process and claims that occur but have not been reported.

#### 4.2.SUGGESTIONS

- a. Statement of Financial Accounting Standard No. 36 is very important for life insurance, so companies should maintain the application of PSAK No. 36 as a guideline or reference in their accounting practices.
- b. Companies must pay more attention to accuracy in recording recognition and expenses because if revenue is not recognized in accordance with the truth, it will result in the income statement.

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