

ROLE OF INSURANCE IN OVERCOMEING CREDIT BADGETS ON BRI UNIT LECES OF PROBOLINGGO BRANCH OFFICE

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Abstrak

Credit agreement is an agreement between the recipient and the lender that contains provisions regarding the amount and method of repaying the loan, the purpose of using the credit, the term of the credit, the type and increase of credit guarantees, the method of withdrawing credit, interest rates and so on. Credit is the provision of money or bills that can be equal with it, based on loan agreement or agreement to pay off debts after a certain period of time with the provision of interest, rewards, or profit sharing. In the process of implementing credit there must be a variety of problems that occur, so the bank needs insurance services to protect and reduce problems that occur. The formulation of the issues to be discussed is how the business criteria can be guaranteed by credit insurance companies, whether the advantages and disadvantages of using credit insurance, and whether the role of credit insurance in overcoming bad credit. Research methods conducted using qualitative research methods, namely by collecting data collection sourced from secondary and tertiary primary data that processes funds and cannot be separated from various interpretations known as juridical empirical science with data collection techniques through interviews or research to complete the data-other data . From the results of the study found things that occur such as business criteria that can be guaranteed by credit insurance companies, and whether the advantages and drawbacks of credit insurance and the role of credit insurance in dealing with bad loans are closely related to the benefits of purpose and function, these three words are representative of the word role which means that the thing applies or acts as the main actor . Credit insurance as an insurance business has a role in collecting public funds starting from collecting insurance premiums, providing protection to members of the public who use insurance services against the possibility of loss due to an uncertain event or to a person's life and death in accordance with article 2 of Law No. 40 of 2014 concerning Insurance Business. The insurer has protected and guaranteed in the event of problems both in the form of bad loans that occur at the these three words are representative of the word role which means that the thing applies or acts as the

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INTRODUCTION

In order to develop Micro, Small and Medium Enterprises (MSMEs), the Government has also created various facilities ranging from credit to efforts to solve marketing problems and supply of raw materials. The government has also created several regulations in an effort to increase micro, small and medium enterprises (MSMEs), among others, the Law on MSMEs, namely Law no. 20 of

2008 concerning Fields/Types of Business that are open to Micro, Small, Medium Enterprises, Large Enterprises, the Business World, Government Business Development, Guarantees, Partnerships and their implementation is regulated by Government Regulation no. 17 of 2013. According to the reality, "credit" is already a quality of everyday life in the wider community. Especially in the climate of economic development which has become the government's political line, credit is no longer a mere technical problem of banking. The active activities of bank functions must now be truly imbued with a living ideology because credit must be aimed at the welfare of the people. The problem that often occurs today is that there is no meeting point between the real sector and the banking sector. Entrepreneurs often experience problems in the form of projects that are not bankable according to the bank or inadequate collateral, banks also have expertise in lending potential because they are worried about the risk profile.

Credit insurance showed impressive growth in the range of 1996 to 2019, especially in the aspect of small business financing distribution. An insurance company is an institution that is intentionally designed and formed as an institution that takes over and accepts risks. Thus, insurance companies basically offer protection services as a form of their products to people who need it, and are expected to become their customers. To achieve this goal, the insurance company will invite each party to join or cooperate to deal with possible losses that may occur which are usually not realized and are not ready to be faced. There are several objects that can be insured in a credit agreement, among others, debtor's life insurance, insurance against collateral (collateral) for the risk of loss of goods, destruction due to fire, and the risk of non-payment of debt by the debtor, so it is necessary to cover the required insurance. in one article in the credit agreement so that security for banks is needed, because funds deposited in banks need to be protected, because if banks do not pay attention to the security of public funds, it will make it difficult for the bank itself, which will reduce public confidence in investing their funds in the bank. Security for banks is needed, because funds stored in banks need to be protected, because if banks do not pay attention to the security of public funds, it will make it difficult for the bank itself, which will reduce public confidence in investing their funds in the bank. In addition, the existence of a bank in the community, which was established with the aim of not only seeking profit, is

also expected to help develop small and medium enterprises to increase income for small and medium enterprises by providing credit.

According to the Commercial Law (KUHD) of the Republic of Indonesia Article 246: "Insurance or coverage is an agreement, by which an insurer binds himself to the insured by receiving a premium, to provide compensation to him for a loss, damage or loss of expected profit, which he may suffer because of an unspecified event. Based on the definition of insurance above, insurance contains 4 elements, namely: a) The insured (insured) who promises to pay premiums to the insurer, all at once or gradually. b) The insurer who promises to pay a sum of money (compensation) to the insured, all at once or gradually if something happens that contains an unspecified element. Credit insurance itself is basically not explicitly regulated in the KUHD. However, the existence of credit insurance is made possible by Article 247 of the KUHD based on the words, among others, namely "that it is possible to have other forms of insurance, including outside the KUHD, thus the nature of Article 247 of the KUHD only mentions a few examples or the nature of the article is numerative not limitative.

In accordance with Government Regulation Number 1 dated January 1, 1971, the Government of the Republic of Indonesia through the Ministry of Finance and Bank Indonesia established a special institution to encourage the smooth distribution of banking credit, namely PT. Indonesian Credit Insurance or better known as "Askrindo" which is given the task of providing "institutional collateral" (institutional collateral) to "accompaniment" (supplementation) Banking in Indonesia in lending to MSMEs, especially to meet the requirements of the Credit Law at that time UU Banking Principal No. 14 of 1967, namely "Commercial Banks do not provide unsecured loans". This is also reinforced by the provisions of Article 268 of the KUHD which states that all interests can be insured as long as they meet the conditions, namely valued in money, threatened by a danger, not excluded by law. In credit insurance, the insured is the bank, while the insured is credit risk, namely the non-recovery of credit that has been issued by the insured to its customers, while the insurer is a credit insurance company. The credit insurance company appointed by the BRI Leces Unit Probolinggo Branch is PT (Persero) ASKRINDO, the Bank appointed the insurance company as the insurer/guarantor. The guarantor bears the risk of loss arising from the uncertainty of the repayment of

the guaranteed credit. Based on the research above, it can be concluded that credit insurance can act as credit insurance because of Doubtful credit, not only Doubtful credit insurance, but credit insurance also acts as insurance for loss, life and so on. However, because what I studied was that the BRI Leces Unit Probolinggo Branch used Micro KUR (People's Business Credit) insurance, I can only explain the Micro KUR (People's Business Credit) insurance.

RESEARCH METHODS

This research took place at the BRI Leces Unit Office, Probolinggo Branch, which is located at Jl Raya Leces No. 52 Sumberkedawung Village, Kec. Leces, Probolinggo Regency, East Java. The location was chosen because the BRI Leces Unit Probolinggo Branch Office organizes public service activities in the form of providing credit to people who have Micro, Small and Medium Enterprises (MSMEs) in Probolinggo Regency. The research carried out is qualitative research, which is research conducted by analyzing library materials or secondary data, better known as names and reference materials in reference materials and using a type of research that shows the field is the place for researchers to obtain primary data. Researchers should not only suffice secondary data that has been obtained from the literature. The completeness of the data will determine the results obtained. The field research method (empirical juridical) was carried out by the interview method, namely conducting direct interviews with one of the Heads of the BRI Leces Unit Probolinggo Branch office to obtain correct information. In this study, data collection techniques were carried out by searching and collecting data in the form of primary data collection techniques and secondary data. Primary data collection techniques are data collection techniques directly obtained from the field or research location. Primary data collection techniques can be done by:

- Unstructured observations, namely observations or observations made without using an observation guide. Thus, in this observation, the researcher must be able to personally develop his or her powers of observation in observing an object.
- In-depth interviews, namely the process of obtaining information for research purposes by means of question and answer while face to face between the interviewer and the informant or the person being interviewed, where the interviewer and the informant are involved in social life for a relatively long time.

Secondary Data Collection Techniques, are data collection techniques obtained through library materials to support the completeness of primary data. Secondary data collection techniques can be done by a) Literature study, namely the collection of data obtained from books, literature, internet, and other sources that are competent and have relevance to the research problem, b) Documentation Studies, namely data collection techniques using records or documents that exist at the research location or other sources related to the object of research.

RESULTS AND DISCUSSION

The Role of Credit Insurance in Overcoming Bad Loans for Business Loans at Bri Bank :

Credit Granting Procedure

The procedure for granting credit at the BRI Leces Unit Probolinggo Branch is as follows a) Prospective customers come to apply/submit a credit application to the bank served by customer service. The bank will explain the terms and conditions that will be fulfilled and obeyed by the prospective customer; b) The prospective customer then submits the credit terms that have been determined by the bank, namely 1) Photocopy of ID card of husband and wife each 3 pieces, 2) Photocopy of 1 sheet of Family Card, 3) Pas Photo size 4 x 6 husband + wife 3 pieces each (not required), 4) SIUP (Trade Business Permit) or business certificate made by the lurah or village head (this letter explains the type of business of the prospective customer), 5) Photocopy of Collateral/Guarantee, 6) Photocopy of PBB that has been paid off (Land and Building Tax), if the prospective customer does not yet have the object of PBB, a certificate of non-taxable tax from the Lurah Office must be attached;c) After the requirements are complete, the customer service registers the prospective customer's application to the model 35 loan application register (SKPP) and then submits it to the head of the unit for disposition to immediately conduct a business feasibility survey and collateral prospective customer and then the file is submitted back to customer service and then handed over to *account officer* who will survey; d) After the file is in the hands of the account officer (in BRI units it is called a mantri) then a business feasibility survey and collateral for prospective customers are immediately carried out, the results of the survey are then poured into the forms of credit analysis and collateral analysis; e)

After completion, it is then submitted to the head of the unit to decide on the credit target proposed by the Mantri; f) After the unit head has decided, the customer receives an SMS notification that the credit has been approved and the customer is expected to come to the BRI Leces Unit. The credit file is then handed back to customer service which will then be prepared for the realization of the loan; g) In preparation for the realization of customer service, prepare blanks, namely: 1) Credit seeking receipt (model UD-01 A), 2) Debt Acknowledgment Letter, 3) And other documents valid at the time of credit realization; h) The customer comes (husband and wife, or the owner of the collateral if the collateral is not in the name of the husband/wife) who then signs all the credit agreement letters and their completeness after the customer service provides an explanation of the credit they will receive. Attached is the credit realization process in the picture in figure 1.



Figure 1. Credit realization process

i) After being signed by the prospective customer, customer service submits the credit file to the supervisor to be checked again for administrative completeness. Then the credit file will be forwarded to the head of the unit for approval to seek credit; j) Then by the head of the loan receipt unit and the prospective customer's savings book, they are handed over to the teller to make a cash disbursement of credit in the amount stated in the credit agreement letter minus the usual administration by providing a re-explanation of the credit k. After the credit is realized, the next task is in the hands of the mantri to carry out coaching at least 6 months after the realization. The types of loans served at the BRI Leces Unit are as follows 1) 1. KUR Credit (People's Business Credit) which is a program from the government, 2) Commercial Kupedes Credit, Credit for Capital Work and Investment , 3) The Kupedes Rakyat Credit is a non-government program credit for customers whose collateral has not yet covered the proposed loan, 4) Briguna Credit, namely: Credit for fixed income groups, for example (PNS, TNI, POLRI, PRIVATE EMPLOYEES)

Business Criteria Guaranteed by Insurance

The business criteria that can be guaranteed by insurance are always related to the elements of reality, the amount that can be guaranteed, the time period and the use of credit. Of the four, it can be explained how the business criteria can be guaranteed by credit insurance at the BRI Leces Unit Probolinggo Branch. From the results of an interview with the Head of the BRI Leces Unit, on Tuesday, May 29, 2020, an element of reality can be guaranteed. There is no problem in terms of a maximum age of 75 years, if we look at the things that can be guaranteed, namely the principal loan plus interest and a maximum period of 5 years. The use of credit uses working capital and investment loans. The general business criteria that can be guaranteed are 1) Based on healthy, reasonable and generally accepted credit norms, 2) In accordance with the manual for the provision of credit by Bank Indonesia, 3) The debtor has a business license determined by the competent authority and has legal force, 4) The debtor is not in the process of bankruptcy or has been declared bankrupt or disbanded from a legal point of view. Types of credit that can be guaranteed by credit insurance at the BRI Leces Unit are a) KUR (People's Business Credit), this People's Business Credit is credit/financing for working capital and investment to individual/individual debtors, business entities or business groups that are productive and feasible but do not have additional collateral or additional collateral is not sufficient. This credit is guaranteed by a guarantee company and other companies appointed to provide guarantees such as PT. Jamkrindo (Indonesian Credit Insurance Guarantee) and PT. Askkrindo (Indonesian Credit Insurance). In return, the guarantee company receives a guarantee fee (IJP) from every loan that is underwritten. If the KUR credit at the bank is in doubt, the bank has the right to submit a claim for compensation to the guarantor of 70% of the principal loan and there is no death insurance.

The economic sectors that can be financed by MICRO KUR are as follows 1) Production Sector, that is all business sectors in agriculture, hunting and forestry including food crops for horticultural crops, plantations and livestock. All business sectors in the marine and fisheries sector, including fishing and fish farming. All business fields in the manufacturing sector including creative industries in the fields of advertising, fashion, film, animation, video and machine tools to support food security activities. All business fields in the construction sector including

housing construction, building construction, waterworks etc. All business fields in the production services sector, including the accommodation and food supply sectors, transportation, warehousing and communications, real estate, rental businesses, corporate services, education services, health services and social activities, community services, socio-cultural sectors - entertainment and other individuals

Non-Production Sector, All business fields in the trading sector, including culinary and retail traders. Commercial Kupedes, Loans with competitive interest rates that are general to all economic sectors, are shown to individuals (business entities and individuals) who meet the requirements and are served in all BRI Units and BRI Teras. If the debtor dies before maturity, the BRI Unit will file a claim for compensation against the Insurance from the total remaining debtor principal plus current interest. If he dies after maturity, the insurance is no longer valid. Kupedes credit is guaranteed by PT. BRI Life Insurance (a subsidiary of BRI) with a premium payment of 0.75% of the total sum insured (JUP) and becomes the burden of the BRI Unit on PT. BRI Life which is paid after the credit agreement process is completed.

People's Kupedes, Small-scale loans (maximum ceiling of Rp. 25 million) are given to feasible debtors, both bankable and non-bankable and not currently receiving a commercial Kupedes credit facility.

Kupedes Rakyat also has a credit guarantee mechanism with a coverage of 70% of the loan ceiling. The insurance company appointed as BRI's partner is PT Jamkrindo. Debtors are also given the AMKKM (Micro Health Accident and Death Insurance) facility for husband and wife which aims to help stabilize the customer's cashflow if they are hospitalized, in an accident or die. The AMKKM facility is valid for the first year after the realization of the people's kupedes loan.

Briguna, Credit given to fixed income groups whose payment scheme is through salary deductions. At BRI, there are 4 types of Briguna credit, namely 1) Briguna Karya is an unsecured credit facility with the source of payment coming from a fixed income source (salary); 2) Briguna Purna is a loan that is given with the source of payment coming from a fixed income source (pension money) ; 3) General Briguna is a loan that is given with the source of payment coming from a fixed income source (salary) with a period of time from active employees to

retirement; 4) Briguna Pendidikan is a special credit for S2 and S3 students who already have a fixed wage or income.

Advantages and Disadvantages of Using KUR Guarantee Insurance

Before we know the advantages and disadvantages of using credit insurance, we can mention one of the credit insurances available at the BRI Leces Unit, Probolinggo Branch. KUR guarantee insurance at BRI Leces Unit Probolinggo Branch can be explained as follows KUR Guarantee Insurance. Insurance that provides credit coverage/guarantee for People's Business (KUR) for working capital and/or investment financing provided by Financial Institutions that distribute KUR to business debtors who are productive and feasible but do not have additional collateral in accordance with Bank regulations (non-bankable). The KUR guarantee takes effect from the time the credit agreement or debt acknowledgment letter (SPH) is signed between the guarantee recipient and the KUR debtor until the People's Business Credit (KUR) is paid off before maturity or until the credit maturity period. The guarantor does not guarantee the risk of loss in the event that the loss is caused by one of the following things which directly affects the business of the guarantor/debtor so that it is guaranteed not to be able to pay off the obligations of the People's Business Credit (KUR), namely:

- 1) National natural disaster (or outbreak of infectious disease in humans or hoofed animals/fowl) determined by the Central Government.
- 2) Nuclear reactions, radioactive touch, radiation and nuclear reactions.
- 3) War or in a state of danger or in a state of war emergency in all or in part of the territory of Indonesia as declared by the Central Government.
- 4) Riots or political unrest on a national scale. Claim rights arise when the People's Business Credit (KUR) agreement is due and guaranteed / the debtor does not pay off the obligation to return the credit or credit concerned in terms of asset quality / collectibility (credit) at a minimum or at least in category 4 (Doubtful) according to Bank Indonesia regulations.

Settlement of claims The Guarantor will give a decision no later than 14 (fourteen) working days from the time the claim file is received in full by the Guarantor. The amount of the claim payment value for People's Business Credit is 70% (seventy percent) of the total loss (remaining principal + interest arrears including interest recalculation if any and fines up to the emergence of claim rights in accordance

with the payoff print) with a maximum of 70% (seventy percent) of the credit limit. Subrogation is the transfer of claim rights from the guarantor to the guarantor after the guarantee recipient has received payment of the claim from the guarantor. Claims that have been paid by the Guarantor to the guarantee recipient do not relieve the guaranteed/KUR debtor from their obligation to pay off the People's Business Credit and the guarantee recipient continues to collect the guaranteed/KUR debtor. When there is a payment from the debtor, the payment will be divided proportionally, namely 30% (thirty percent) for the recipient of the guarantee compared to 70% (seventy percent) for the guarantor, and this is referred to as the Subrogation Rights Balance (SHS), Guarantee fee. (IJP) is the amount of money received by the guarantor from the recipient of the guarantee in the context of the business activities of the People's Business Credit (KUR) guarantee. The amount of the Micro KUR IJP is 1.75% (one point seventy five percent) of the loan ceiling per year or 12 months. When there is a payment from the debtor, the payment will be divided proportionally, namely 30% (thirty percent) for the recipient of the guarantee compared to 70% (seventy percent) for the guarantor, and this is referred to as the Subrogation Rights Balance (SHS), Guarantee fee. (IJP) is the amount of money received by the guarantor from the recipient of the guarantee in the context of the business activities of the People's Business Credit (KUR) guarantee. The amount of the Micro KUR IJP is 1.75% (one point seventy five percent) of the loan ceiling per year or 12 months. When there is a payment from the debtor, the payment will be divided proportionally, namely 30% (thirty percent) for the recipient of the guarantee compared to 70% (seventy percent) for the guarantor, and this is referred to as the Subrogation Rights Balance (SHS), Guarantee fee. (IJP) is the amount of money received by the guarantor from the recipient of the guarantee in the context of the business activities of the People's Business Credit (KUR) guarantee. The amount of the Micro KUR IJP is 1.75% (one point seventy five percent) of the loan ceiling per year or 12 months. Guarantee fee (IJP) is the amount of money received by the guarantor from the guarantee recipient in the framework of the People's Business Credit (KUR) guarantee business activity. The amount of the Micro KUR IJP is 1.75% (one point seventy five percent) of the loan ceiling per year or 12 months. Guarantee fee (IJP) is the amount of money received by the guarantor from the guarantee recipient in the framework

of the People's Business Credit (KUR) guarantee business activity. The amount of the Micro KUR IJP is 1.75% (one point seventy five percent) of the loan ceiling per year or 12 months.

Advantages of KUR Guarantee Insurance at BRI Leces Unit

Provide payment certainty for BRI Leces Units that have been appointed by the Government as People's Business Credit (KUR) if the debtor fails to pay. Reducing the risk of loss suffered by the BRI Leces Unit as a KUR Distributor for providing credit to KUR Debtors.

Disadvantages of KUR Guarantee Insurance at BRI Leces Unit

For People's Business Credit, the loss borne by the guarantor is only 70% of the total loss, which means that 30% of the total loss remains the burden of the BRI Leces Unit Probolinggo Branch. In addition, there is also an IJP (Guarantee Fee) fee charged to the BRI Leces Unit Probolinggo Branch which should be borne by the government because the People's Business Credit is a government program. In the KUR Credit Guarantee Insurance, Life Insurance has not been included, so that when the insurance period is limited to the credit period, the insurance period should not be as limited as the credit period. What is guaranteed by the insurance holder is only in the name of the borrowing customer, for example only the wife or husband, but what is listed in the deed is husband and wife.

The Role of Insurance in Overcoming Bad Loans at BRI Leces Unit

Roles are things that apply or act as the main actors who are very influential in certain aspects or problems. This role is the main actor discussed in this study where the role has a close relationship with the purpose of benefits and functions. In the discussion of the last sub-topic, it is a topic that is in accordance with research at the BRI Leces Unit Probolinggo Branch entitled "The Role of Insurance in Overcoming Bad Loans". The role of credit insurance cannot be separated from the goals, functions and insurance benefits, therefore the purpose, benefits and functions are a combination of position and influence contained in credit insurance. Where the author will briefly explain what the purpose, benefits, functions of insurance are. Article 1 of Law no. 40 of 2014 concerning Insurance Business which contains credit insurance as a business relating to insurance services or risk management, risk reinsurance, marketing and distribution of insurance products or sharia insurance products, consulting and insurance intermediaries, sharia

insurance, reinsurance, or sharia reinsurance, or loss assessment insurance or sharia insurance.

The purpose of credit insurance is to provide a guarantee of protection and reimbursement to the insured or policyholder due to loss, damage, costs incurred, loss of profit, or legal liability to third parties that may be suffered by the insured or policyholder due to an uncertain event. The benefit of credit insurance is to provide protection to banks against the risk of debtor failure in paying off credit facilities or loans such as working capital loans and investment loans extended by banks. The function of this credit insurance is to transfer risk and raise funds as well as to ensure the premium cost of the insured is balanced and reasonable compared to the risk transferred to the insurer. After doing research on BRI, I got several explanations about bad credit. Bad credit is a condition where the customer is unable to pay part or all of his obligations to the bank as agreed. The total position of outstanding loans at the BRI Leces Unit Probolinggo Branch is Rp. 4,042,430,796,- with 249 debtors classified as arrears 1) TPF (In Special Mention) = Rp. 954,367,721,- (124

debtor) age in arrears 1 to 90 days, 2) KL (Substandard) = Rp. 85,868,771,- (7 Debtors) age arrears 91 to 150 days, 3) D (Doubtful) = Rp. 246,170,865,- (19 debtors) age 151 to 180 days in arrears, 4) M (Loss) = Rp. 2,756,023,439,- (99 debtors) 181 to 270 days in arrears

Causes of bad credit at BRI Unit 1) A customer's business that declines or goes out of business can be said to have closed or gone bankrupt; 2) The character of the customer is not good (intentionally in arrears) where there are some people who deliberately arrear their credit with certain factors; 3) There are other sudden needs such as medical expenses for sick customers, school children's needs, children's party/wedding expenses, and others; 4) Many customers' receivables are uncollectible, resulting in a lack of working capital; 5) Crop failure due to pest attacks, weather factors, especially for onion farming and other farms in general.

After knowing the causes of bad loans that occurred in the BRI Unit, then conducting an interview with the Head of the BRI Leces Unit, the author can find out how the role of credit insurance in overcoming the bad credit. The role of credit insurance is part of the functions, benefits, objectives, namely to reduce the risk of bad credit, reduce the customer's burden, reduce the burden of bank losses by

customers who cannot carry out their obligations and reduce problems that occur in the bank's performance process against the borrower or debtor. Credit insurance is also very useful in supporting the performance process of the BRI Leces Unit itself. Using this insurance will reduce the risk of credit problems so that healthy credit conditions, can run properly and correctly and carry out their duties in accordance with the agreements that have been set for the customers in the BRI Unit.

CONCLUSIONS AND SUGGESTIONS

Based on the results of my research discussion regarding the role of insurance credit in overcoming bad credit, the conclusions that can be made are credit criteria that can be guaranteed by the credit insurance company PT. Askrindo does not conflict with applicable law. The credit criteria at the BRI Unit are that this criterion must have an element of reality, the age of the guaranteed candidate/debtor is set at a maximum of 60 years when the credit is paid off and must have an ID Number Citizenship (NIK) as evidenced by an identity card in the form of an E-KTP or a Certificate of making an Electronic KTP. Guaranteed candidates/KUR debtors must have a productive and feasible business that has been running for at least 6 (six) months, accompanied by a Micro and Small Business Permit (IUMK) issued by the local government and or other licenses in accordance with the provisions applicable to the recipient of the guarantee. Guaranteed candidates/KUR debtors can currently receive credit/financing, namely People's Business Credit (KUR) at the same distributor, home ownership loans (KPR) and motor vehicle loans (KKB) with collectibility 1 (current). If the guaranteed / debtor still has a productive credit debit balance and program credit outside KUR but the person concerned has paid off the loan,

Excess credit insurance which is the object of the guarantor such as PT. Askrindo, namely reducing the risk of losses suffered by the BRI Leces Unit as a KUR Distributor for providing credit to KUR debtors who have failed to pay. When the claim payment has been approved by the guarantor, the proceeds from the claim payment included in the income category, this of course will increase the profit of the BRI Leces Unit. The shortcoming of credit insurance is that for all types (KUR) which only 70% is replaced, the credit should be replaced by 100%. Because what is guaranteed is the credit for guaranteed / debtor who dies or has an accident

involving his life while the credit is still running, then no claim can be made against the guarantor. As an example of the current case of the Covid-19 outbreak, which has a huge impact on various business sectors, if the business is guaranteed/the debtor closes or goes out of business, then any risk that impacts the debtor's business is not guaranteed by the guarantor because it is included in the category natural disasters determined by the Central Government.

The role of credit insurance in overcoming bad loans is to reduce the risk of bad loans, reduce the loss burden of Bank BRI Leces Unit as a KUR distributor by covering 70% of loans whose collectibility is 4 (Doubtful payment) and maintain cash flow stability or cash flow in the BRI Unit Leces Probolinggo Branch.

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