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Research Paper

Protection of Participants' Rights in the Transfer of Sharia Business Unit Insurance Portfolios: An Islamic Law Perspective and Maslahah Principle Analysis Based on Financial Services Authority Regulation (POJK) No. 11 of 2023

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ABSTRAK

The transfer of insurance portfolios from Sharia Business Units (SBUs) to other Sharia insurance companies represents a regulatory policy aimed at strengthening the institutional structure, operational effectiveness, and sustainability of the Islamic insurance industry in Indonesia. However, this policy raises important legal questions concerning the protection of participants' rights, particularly regarding the continuity of insurance benefits, contractual obligations, transparency, and legal certainty. This study aims to analyze the protection of participants' rights in the transfer of Sharia insurance business unit portfolios from the perspective of Islamic law and the principle of *Maslahah*, based on Financial Services Authority Regulation (POJK) No. 11 of 2023. This research employs a normative juridical method using statutory, conceptual, and Islamic legal approaches. Data are collected through library research by examining relevant laws and regulations, Islamic legal principles, scholarly literature, and legal documents concerning Sharia insurance. The analysis focuses on the relationship between regulatory compliance and the fundamental principles of Islamic law, particularly justice (*al-'adl*), trustworthiness (*amanah*), mutual consent (*taradhi*), and the protection of wealth (*hifz al-mal*) within the framework of *Maqasid al-Shariah*. The study emphasizes that portfolio transfers should not merely be understood as an institutional restructuring mechanism but also as a legal process that must safeguard participants'

interests and maintain the continuity of their contractual rights and obligations. The principle of *Maslahah* provides an essential normative foundation for assessing whether such transfers generate benefits and prevent potential harm to participants. Accordingly, the implementation of portfolio transfers must ensure transparency, legal certainty, fairness, and the protection of participants' rights in accordance with Islamic legal values and applicable regulations.

Introduction

The development of Islamic financial institutions has become an important component of the transformation of the global financial system, particularly in strengthening financial inclusion, economic justice, and the sustainability of financial services based on Islamic principles. One of the sectors experiencing significant institutional and regulatory development is Islamic insurance, commonly known as takaful. Unlike conventional insurance, Islamic insurance is founded on the principles of mutual assistance *(ta'awun),* solidarity *(takaful),* shared responsibility, and the separation of participants' funds from company funds. These principles establish Islamic insurance not merely as a financial instrument for risk management but also as an institutional mechanism for realizing social welfare and protecting the economic interests of participants. Therefore, the operational activities of Islamic insurance companies must be consistent with the principles of Islamic commercial law (fiqh muamalah), particularly justice *(al-'adl),* trustworthiness *(amanah),* transparency *(shafafiyyah*), and mutual consent *(taradhi)* (Tahir et al., 2021; Islam et al., 2024).

In Indonesia, the development of the Islamic insurance industry has been accompanied by regulatory reforms intended to strengthen institutional independence, improve governance, and increase the competitiveness of Islamic financial institutions. One significant development is the regulatory requirement for insurance companies operating Islamic Business Units (Unit Usaha Syariah or UUS) to separate their Islamic insurance activities from their parent conventional insurance companies. This policy represents an important institutional transformation because it encourages the establishment of independent Islamic insurance companies or the transfer of existing Islamic insurance portfolios to other licensed Islamic insurance companies. The regulatory framework is primarily established through Law No. 40 of 2014 concerning Insurance, as amended by Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector, and subsequently implemented through Financial Services Authority Regulation (POJK) No. 11 of 2023 (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2023).

The separation of Islamic Business Units is not simply an administrative restructuring process but also involves the transfer of legal relationships, financial

assets, contractual obligations, and participants' rights from one insurance entity to another. This process becomes particularly significant when a company chooses to transfer its entire Islamic insurance participation portfolio to another Islamic insurance company that has already obtained a business license. Such a transfer may involve participants' tabarru' funds, participants' investment funds, and other financial obligations associated with the insurance agreement. Consequently, the transfer affects not only the institutional relationship between the parent company and the receiving insurance company but also the contractual relationship between participants and the insurance provider. Therefore, the transfer of portfolios requires a comprehensive legal assessment to ensure that institutional restructuring does not create uncertainty, reduce participants' benefits, or weaken the protection previously guaranteed under the insurance contract (Otoritas Jasa Keuangan, 2023, 2024).

The issue of consumer protection in Islamic insurance is closely connected to the fundamental principles governing Islamic financial transactions. Islamic insurance is based on mutual cooperation and shared responsibility, meaning that participants should not be treated merely as customers of a commercial financial institution but also as parties participating in a collective risk-sharing arrangement. In this context, transparency and accountability are essential to maintaining the legitimacy of the insurance relationship. Participants must receive adequate information concerning institutional changes, the continuity of insurance benefits, claims procedures, and the management of their funds. If participants do not receive sufficient information concerning the transfer, information asymmetries may arise and potentially undermine their contractual rights. Therefore, the protection of participants must include not only the formal preservation of contractual rights but also accessible information, fair treatment, and effective mechanisms for resolving potential disputes (Nasir, 2021; Nawawi, 2025).

From the perspective of Islamic law, the transfer of insurance portfolios must be assessed through the principles of fiqh muamalah, particularly the prohibition of injustice (zulm), excessive uncertainty (gharar), and the violation of contractual obligations. The principle of amanah requires insurance companies to maintain the assets and rights entrusted to them by participants. Meanwhile, the principle of al-'adl requires that the transfer process must not disproportionately disadvantage participants for the benefit of the transferring or receiving companies. The principle of taradhi also emphasizes the importance of mutual consent and adequate understanding in contractual relationships. Although regulatory restructuring may be undertaken to improve institutional efficiency and strengthen the Islamic insurance industry, these objectives cannot justify practices that undermine the interests of participants (Tahir et al., 2021; Islam et al., 2024).

An important analytical framework for evaluating these issues is the principle of Maslahah in Islamic jurisprudence. Maslahah refers to the realization of benefits and the prevention of harm in human affairs in accordance with the

objectives of Islamic law. The concept is closely connected to Maqasid al-Shariah, which emphasizes the preservation of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and wealth (hifz al-mal). Among these objectives, the protection of wealth is particularly relevant to Islamic insurance because participants entrust financial contributions and investment funds to insurance institutions in exchange for protection against specified risks. Therefore, any institutional policy involving the transfer of insurance portfolios must ensure that participants' financial interests, investment rights, and contractual benefits remain protected (Islam et al., 2024; Kholis, 2025).

Furthermore, the principle of Maslahah requires a balanced assessment between institutional interests and the rights of individuals affected by regulatory policies. The separation of Islamic Business Units may generate several potential benefits, including greater institutional independence, improved governance, more specialized business management, and stronger competitiveness within the Islamic insurance industry. However, these institutional benefits must be compared with potential risks arising from the transfer process, including disruption of services, delays in claims settlement, uncertainty regarding investment management, and inadequate communication with participants. A policy cannot be considered consistent with Maslahah merely because it contributes to institutional growth or strengthens the financial position of insurance companies. Rather, its implementation must demonstrate that the benefits generated are proportionate to the risks imposed on participants and that appropriate safeguards are available to prevent harm (Kholis, 2025; Farah et al., 2026).

In addition, the implementation of portfolio transfers must be understood within the broader framework of Islamic legal protection and financial consumer rights. The receiving Islamic insurance company assumes responsibilities that extend beyond the administrative acceptance of transferred portfolios. It must ensure that the rights and obligations attached to the original insurance arrangements are properly maintained, including the management of tabarru' funds, investment funds, claims, and other participant entitlements. The transferring company also retains responsibilities associated with ensuring that the transfer is conducted in accordance with applicable regulations and that participants are not disadvantaged by the institutional transition. The Financial Services Authority plays an important supervisory role in ensuring that the transfer process meets regulatory requirements and provides adequate protection for participants (Otoritas Jasa Keuangan, 2023, 2024; Nawawi, 2025).

Recent academic discussions have also demonstrated the importance of integrating consumer protection with the objectives of Islamic law. Research concerning Islamic insurance and Maqasid al-Shariah emphasizes that the principles of mutual assistance, justice, trustworthiness, and transparency are essential foundations for protecting consumers in Islamic financial transactions. The integration of consumer protection with Maqasid al-Shariah also highlights the

importance of transparent governance, substantive benefits, and institutional accountability. These perspectives indicate that the implementation of Islamic financial regulations should not be evaluated exclusively through formal compliance but also through their ability to maintain public trust and protect the interests of financial consumers. Nevertheless, the specific legal implications of transferring participation portfolios from an Islamic Business Unit to another existing Islamic insurance company remain an important subject for further investigation (Islam et al., 2024; Nawawi, 2025; Farah et al., 2026).

Based on this discussion, an important research gap emerges concerning the relationship between regulatory restructuring and the substantive protection of participants' rights from the perspective of Islamic law. Existing regulatory provisions establish the obligation to preserve participants' rights during the separation of Islamic Business Units. However, the existence of such provisions raises further questions regarding the legal and ethical standards that should govern the implementation of portfolio transfers, particularly when the receiving company is an existing Islamic insurance institution. The central issue is whether the transfer mechanism adequately reflects the principles of justice, transparency, trustworthiness, and the protection of wealth as required by Islamic law. Furthermore, it is necessary to examine whether the potential benefits of institutional restructuring are consistent with the concept of Maslahah or whether certain implementation practices may generate disadvantages for participants. This research therefore seeks to move beyond a purely regulatory interpretation of portfolio transfers by integrating statutory analysis with the normative framework of Islamic jurisprudence and Maqasid al-Shariah (Otoritas Jasa Keuangan, 2023, 2024; Kholis, 2025).Accordingly, this study aims to analyze the legal protection of participants' rights in the transfer of Islamic insurance participation portfolios from Islamic Business Units to other licensed Islamic insurance companies based on POJK No. 11 of 2023. Specifically, it examines the regulatory framework governing portfolio transfers, identifies the legal implications of transferring contractual rights and obligations, and evaluates the extent to which the transfer mechanism reflects the principles of Maslahah and Maqasid al-Shariah. By employing a normative juridical approach through statutory, conceptual, and Islamic legal perspectives, this study seeks to establish an integrated analytical framework for evaluating portfolio transfers from the perspectives of positive law and Islamic law (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2023, 2024).

Methodology

This study employs a normative juridical research method to examine the legal protection of participants' rights in the transfer of Sharia Business Unit insurance portfolios to other Sharia insurance companies based on Financial Services Authority Regulation (POJK) No. 11 of 2023. Normative juridical research

is selected because the central focus of this study concerns the examination of legal norms, statutory provisions, legal principles, and Islamic jurisprudential concepts governing the transfer of insurance portfolios. This approach enables the researcher to analyze the consistency between applicable positive law and the fundamental principles of Islamic law, particularly the protection of participants' rights through the concept of Maslahah. The research does not primarily focus on measuring participants' perceptions or collecting statistical data but rather examines the normative framework governing the responsibilities of insurance companies and the legal consequences of portfolio transfers. In this context, legal research is directed toward understanding how regulatory provisions establish legal certainty, justice, and protection for participants within the Islamic insurance industry (Marzuki, 2021; Otoritas Jasa Keuangan, 2023).

The research uses three complementary approaches: the statutory approach (statute approach), the conceptual approach (conceptual approach), and the Islamic legal approach (Islamic law approach). The statutory approach examines relevant legislation, particularly Law No. 40 of 2014 concerning Insurance, Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector, POJK No. 11 of 2023, and SEOJK No. 10/SEOJK.05/2024 concerning the mechanism and procedures for the separation of Islamic Business Units. The conceptual approach is used to examine legal concepts relating to consumer protection, contractual obligations, legal certainty, justice, and accountability in Islamic insurance transactions. Meanwhile, the Islamic legal approach analyzes the principles of Maslahah, Maqasid al-Shariah, amanah, al-'adl, taradhi, and hifz al-mal as normative foundations for evaluating the legitimacy and fairness of portfolio transfers. The integration of these approaches provides a comprehensive framework for assessing the relationship between regulatory compliance and the substantive protection of participants' interests (Marzuki, 2021; Islam et al., 2024).

The data used in this research consist of primary, secondary, and tertiary legal materials obtained through library research. Primary legal materials include relevant laws and regulations governing insurance, Islamic insurance, portfolio transfers, and financial consumer protection. These materials particularly include POJK No. 11 of 2023, Law No. 40 of 2014, Law No. 4 of 2023, and relevant Financial Services Authority regulations and circular letters. Secondary legal materials comprise academic books, peer-reviewed journal articles, scholarly publications, and previous studies concerning Islamic insurance, consumer protection, Maqasid al-Shariah, and the application of Maslahah in Islamic financial transactions. Tertiary legal materials include legal dictionaries, encyclopedias, and other reference materials that support the interpretation of legal terminology and concepts. The collection of legal materials is conducted through systematic identification, classification, and examination of relevant documents to ensure that the analysis is supported by authoritative legal sources and relevant academic literature (Marzuki, 2021; Otoritas Jasa Keuangan, 2023, 2024).

The collected legal materials are analyzed using qualitative descriptive and prescriptive legal analysis. The descriptive analysis is employed to explain the regulatory framework governing the separation of Islamic Business Units and the transfer of insurance participation portfolios, including the legal responsibilities of transferring and receiving companies. Subsequently, the prescriptive analysis evaluates whether the existing regulatory framework adequately protects participants' rights and is consistent with the principles of Islamic law. The analysis of Maslahah is conducted by examining the potential benefits and harms of portfolio transfers, particularly in relation to the continuity of insurance protection, the management of tabarru' funds, investment rights, claims settlement, transparency, and legal certainty. Furthermore, the research applies the framework of Maqasid al-Shariah, especially the protection of wealth (hifz al-mal), to determine whether the transfer policy contributes to the realization of participants' welfare and prevents potential injustice. Through this analytical process, the study seeks to formulate legal arguments and recommendations concerning the implementation of portfolio transfers that are consistent with positive law and the ethical objectives of Islamic law (Islam et al., 2024; Kholis, 2025).

Results and Discussion

Regulatory Framework and Legal Mechanism for the Transfer of Sharia Insurance Participation Portfolios

The separation of Sharia Business Units (Unit Usaha Syariah or UUS) in Indonesian insurance companies represents an important regulatory transformation in the development of the national Islamic insurance industry. This policy is designed to strengthen the institutional independence of Sharia insurance operations, improve corporate governance, increase operational efficiency, and create a more competitive Islamic insurance market. The separation policy also reflects the state's intention to establish a clearer institutional distinction between conventional insurance operations and Islamic insurance activities. In this context, portfolio transfers constitute an essential mechanism for implementing the separation because the legal and financial relationships previously administered by a Sharia Business Unit must be continued through a legally authorized Sharia insurance company. Therefore, the regulatory framework governing portfolio transfers should be understood not merely as an instrument of corporate restructuring but also as a mechanism for maintaining the continuity of Islamic insurance services and protecting the economic interests of participants (Republik Indonesia, 2023; Otoritas Jasa Keuangan, 2023).

The legal foundation for this policy is established through Law No. 40 of 2014 concerning Insurance, as amended by Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector. These provisions provide the statutory basis for the separation of Sharia Business Units and authorize the

Financial Services Authority (Otoritas Jasa Keuangan or OJK) to regulate the implementation of such separation. Subsequently, POJK No. 11 of 2023 provides more specific requirements concerning the conditions, mechanisms, and procedures for separating Sharia Business Units within insurance and reinsurance companies. The regulation establishes that separation may be undertaken through the establishment of a new Sharia insurance company or through the transfer of the entire participation portfolio to another existing Sharia insurance company that has obtained the necessary business license. This framework demonstrates that the regulatory policy provides alternative institutional mechanisms while maintaining the requirement that the separation process must comply with applicable insurance regulations and protect participants' interests (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2023).

The regulatory objectives of POJK No. 11 of 2023 are particularly relevant to understanding the legal character of portfolio transfers. Article 2 establishes four principal objectives: strengthening the resilience and competitiveness of the insurance and reinsurance industries, creating more effective and efficient business operations, strengthening investment in technology and human resources, and protecting the interests of policyholders and participants. These objectives indicate that institutional restructuring is expected to generate benefits not only for insurance companies but also for the individuals who participate in Islamic insurance arrangements. The inclusion of participant protection among the regulatory objectives demonstrates that the interests of participants must remain a central consideration throughout the separation process. Consequently, an interpretation of the regulation that prioritizes corporate restructuring while disregarding the continuity of participant protection would be inconsistent with the broader objectives established by the regulator (Otoritas Jasa Keuangan, 2023).

Furthermore, the separation policy is not applied without considering the institutional and financial conditions of the relevant companies. POJK No. 11 of 2023 establishes criteria concerning the proportion of tabarru' funds and participants' investment funds in relation to the total relevant funds of the parent company, together with minimum equity requirements. For insurance companies, the minimum equity requirement for the Sharia Business Unit is Rp100 billion, while the corresponding requirement for reinsurance companies is Rp200 billion. These requirements are intended to ensure that the separation process takes place within an adequate financial and institutional framework. The regulatory criteria also demonstrate that the separation of Sharia Business Units is connected to the broader objectives of financial sustainability, risk management, and institutional capacity. Nevertheless, compliance with financial requirements should not be interpreted as sufficient evidence of adequate participant protection because the continuity of contractual rights and obligations must also be guaranteed throughout the portfolio transfer process (Otoritas Jasa Keuangan, 2023; Asosiasi Asuransi Syariah Indonesia, 2023).

In relation to the implementation mechanism, POJK No. 11 of 2023 recognizes two principal forms of separation. The first involves establishing a new Sharia insurance or reinsurance company resulting from the separation of the existing Sharia Business Unit, followed by the transfer of the entire participation portfolio to the newly established company. The second involves transferring the entire participation portfolio directly to another Sharia insurance or reinsurance company that has already obtained a business license. The second mechanism is particularly relevant to this research because it concerns the transfer of participants' insurance relationships from one existing institutional structure to another legally established Sharia insurance company. This mechanism may provide an alternative for parent companies that do not establish a new independent Sharia insurance company. However, the availability of this alternative must be accompanied by adequate legal safeguards to ensure that the receiving company is capable of managing the transferred portfolio and fulfilling the obligations previously administered by the transferring company (Otoritas Jasa Keuangan, 2023, 2024).

The implementation of these two mechanisms is further regulated through Financial Services Authority Circular Letter No. 10/SEOJK.05/2024 concerning the Mechanism and Procedures for the Separation of Sharia Business Units of Insurance and Reinsurance Companies. This circular provides operational guidance concerning the preparation of the separation, the establishment of a new company where applicable, the application for business licensing, portfolio transfers, reporting requirements, amendments to corporate capital arrangements, and the closure of the Sharia Business Unit. In the context of direct portfolio transfers to an existing Sharia insurance company, these procedural requirements are important because they establish an administrative and supervisory framework for transferring the relevant insurance relationships. The existence of this circular also demonstrates that the separation process requires coordination between the transferring company, the receiving company, and the Financial Services Authority. Accordingly, the transfer cannot be treated as a unilateral corporate decision without considering the applicable regulatory approval and reporting requirements (Otoritas Jasa Keuangan, 2024).

From a legal perspective, the transfer of an insurance portfolio involves more than the movement of financial assets between two institutions. It also involves the continuation of contractual relationships and the transfer of rights and obligations associated with the existing insurance arrangements. These relationships include the administration of participants' contributions, the management of tabarru' funds, participants' investment funds, insurance benefits, outstanding claims, and other financial responsibilities arising from the insurance agreements. Therefore, the receiving company must possess the institutional, financial, administrative, and operational capacity to maintain the transferred portfolio. The legal significance of this process lies in the fact that the institutional change should not

automatically result in the loss or reduction of rights that participants previously obtained under their insurance contracts. The transfer must consequently be understood as a regulated continuation of insurance relationships rather than a process that eliminates the original responsibilities of the insurance provider (Otoritas Jasa Keuangan, 2023, 2024).

The transfer mechanism also raises questions concerning the legal status of the original insurance agreement after the institutional separation. In principle, the transfer of a portfolio should preserve the substance of the participants' contractual entitlements, including the agreed insurance protection, benefits, and relevant obligations. However, the implementation of the transfer may require administrative adjustments concerning the identity of the insurance administrator, communication channels, claims procedures, and other operational matters. Such adjustments should not be used to impose unilateral disadvantages on participants or to diminish the substance of their existing contractual rights. The transferring and receiving companies must therefore ensure that the legal and administrative consequences of the transfer are clearly communicated and properly documented. This requirement is consistent with the broader principles of legal certainty and consumer protection under Indonesian insurance regulation (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2023).

An important implication of the regulatory framework is that the Financial Services Authority has a supervisory role in ensuring that the transfer is implemented in accordance with the applicable legal requirements. This role is significant because portfolio transfers involve multiple interests, including those of participants, insurance companies, shareholders, and other parties connected with the insurance relationship. Regulatory supervision is necessary to ensure that the receiving company has adequate operational capacity, that the transferred portfolio is properly identified and administered, and that the transfer does not violate applicable insurance requirements. In addition, regulatory oversight can function as a preventive mechanism against potential administrative irregularities and weaknesses in corporate governance. Thus, the effectiveness of portfolio transfers depends not only on the existence of statutory provisions but also on the consistency of their implementation and supervision (Otoritas Jasa Keuangan, 2023, 2024).

Based on this analysis, the regulatory framework governing the separation of Sharia Business Units provides an institutional foundation for the transfer of participation portfolios to other Sharia insurance companies. However, the legal effectiveness of this mechanism should be measured not only by the completion of the corporate separation process but also by the extent to which participants' rights and contractual interests remain protected. The regulatory objectives of strengthening institutional capacity and improving competitiveness must therefore be interpreted together with the obligation to preserve participants' benefits and financial interests. In this regard, the transfer mechanism requires a balanced

approach between institutional efficiency, regulatory compliance, and substantive consumer protection. This balance becomes particularly important when the transfer involves existing insurance contracts and financial funds that have been entrusted to the insurance institution by participants (Otoritas Jasa Keuangan, 2023; Otoritas Jasa Keuangan, 2024).

Legal Protection of Participants' Rights and the Responsibilities of Transferring and Receiving Insurance Companies

The protection of participants' rights constitutes one of the most important legal considerations in the transfer of Sharia insurance participation portfolios. Participants are parties who contribute funds to an Islamic insurance arrangement based on the principles of mutual assistance (ta'awun) and risk sharing. Their contributions are managed according to the applicable Sharia insurance contract, which establishes the rights and obligations of participants and the responsibilities of the insurance company as the fund manager. Consequently, the transfer of a portfolio from one insurance company to another must preserve the legal interests arising from these contractual relationships. Participants should not be placed in a weaker legal position merely because the insurance company changes its institutional structure. The receiving company must therefore ensure the continuation of insurance protection, the administration of contributions, the management of participants' funds, and the settlement of claims in accordance with the original contractual arrangements and applicable regulations (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2023).

One of the fundamental aspects of participant protection is the preservation of contractual rights. An insurance agreement establishes a legal relationship that determines the scope of protection, the amount of contributions, the period of coverage, the benefits available, and the obligations of the relevant parties. When the portfolio is transferred, these contractual elements must be identified and properly administered by the receiving company. The institutional transfer should not automatically be interpreted as an opportunity to alter the substance of the insurance agreement or impose additional obligations that were not previously agreed upon. In particular, participants must retain access to the benefits and protection provided under their existing policies or certificates, subject to the terms of those agreements and applicable law. This requirement reflects the principle of legal certainty, which demands that contractual relationships remain predictable and enforceable despite changes in the institutional structure of the insurance provider (Republik Indonesia, 2014; Otoritas Jasa Keuangan, 2023).

The protection of participants' rights also requires continuity in the management of tabarru' funds. In Islamic insurance, tabarru' represents contributions allocated for mutual assistance among participants in dealing with specified risks. These funds are conceptually distinct from the company's own funds and are managed according to the relevant Sharia principles and contractual

arrangements. Consequently, the transfer of a Sharia insurance portfolio must ensure that the administration and allocation of tabarru' funds remain consistent with their original purpose. The receiving company must maintain proper records, financial accountability, and appropriate management procedures to ensure that participants' contributions continue to serve the intended collective protection function. Any administrative or financial restructuring that results in the inappropriate use of tabarru' funds may undermine the principles of trustworthiness and justice that form the foundation of Islamic insurance (Otoritas Jasa Keuangan, 2023; Otoritas Jasa Keuangan, 2024).

In addition to tabarru' funds, the transfer process must address the continuity of participants' investment funds. Certain Sharia insurance products combine risk protection with investment components, meaning that the financial interests of participants are connected not only to insurance benefits but also to the management and performance of investment funds. The transfer of such portfolios therefore requires accurate identification of participants' investment balances, investment-related obligations, and the applicable contractual arrangements. The receiving company must ensure that the transferred investment records are accurate and that participants retain the rights associated with their investment arrangements. This is particularly important because inaccurate data migration or insufficient financial reconciliation may create discrepancies between the amounts recorded by the transferring company and the amounts administered by the receiving company. Accordingly, the protection of investment rights requires transparent reporting, reliable financial records, and effective internal controls (Otoritas Jasa Keuangan, 2023, 2024).

Another important issue concerns the continuity of claims settlement. Insurance claims represent one of the most tangible expressions of participants' contractual rights because they become relevant when an insured event occurs in accordance with the applicable policy or certificate. During a portfolio transfer, outstanding claims, claims under verification, and potential future claims must be properly identified and administered. The receiving company must establish an effective mechanism for processing claims without creating unnecessary administrative obstacles for participants or beneficiaries. A change in the insurance administrator should not become a justification for delaying legitimate claims or requiring participants to repeat procedures that have already been fulfilled under the previous arrangement, except where additional verification is legally necessary. Therefore, the transfer process should include a comprehensive reconciliation of claims data, supporting documentation, payment obligations, and the status of ongoing claims. This approach is consistent with the regulatory objective of protecting participants' interests during institutional separation (Otoritas Jasa Keuangan, 2023, 2024).

The responsibilities of the transferring company are equally important in ensuring the effectiveness of participant protection. Before transferring a portfolio,

the transferring company must identify the relevant insurance contracts, financial assets, liabilities, outstanding claims, participants' investment balances, and other obligations associated with the Sharia Business Unit. This process requires accurate financial reporting and comprehensive documentation to ensure that no participant-related obligation is omitted from the transfer. The transferring company also needs to ensure that the receiving company obtains sufficient information to administer the transferred portfolio properly. In this regard, the transferring company cannot regard the completion of the administrative transfer as the sole measure of its responsibility. Rather, it must ensure that the transfer is conducted in accordance with the applicable regulatory requirements and that the rights and obligations associated with the transferred portfolio are properly accounted for. Such responsibility is consistent with the principles of corporate accountability and consumer protection within the insurance sector (Republik Indonesia, 2023; Otoritas Jasa Keuangan, 2023, 2024).

Meanwhile, the receiving Sharia insurance company assumes an important responsibility because it becomes the institution responsible for administering the transferred participation portfolio in accordance with the applicable legal framework. Its responsibilities include maintaining the accuracy of participant records, managing the transferred funds, administering insurance protection, processing claims, and fulfilling relevant contractual obligations. The receiving company must also ensure that its financial and operational capacity is sufficient to manage the additional portfolio. This requirement is particularly significant because the transfer may increase the company's number of participants, financial liabilities, administrative workload, and risk exposure. Therefore, the receiving company must undertake adequate due diligence before accepting the portfolio, including an assessment of the financial condition, contractual obligations, claims history, and operational requirements of the transferred business. The process should ensure that the transfer does not create institutional weaknesses that ultimately affect the quality of services provided to participants (Otoritas Jasa Keuangan, 2023, 2024).

Transparency and access to information also constitute essential components of legal protection. Participants need to understand the implications of the portfolio transfer, including the identity of the receiving company, the effective date of the transfer, the continuity of insurance benefits, the procedures for submitting claims, and the channels through which they can obtain information or submit complaints. Without adequate communication, participants may experience uncertainty regarding the status of their insurance protection and the institution responsible for fulfilling their contractual rights. In this context, information disclosure should not be treated merely as a formal administrative announcement but as an instrument for maintaining trust and ensuring that participants understand the consequences of institutional restructuring. The transferring and receiving companies should therefore provide clear, accurate, accessible, and

consistent information throughout the transfer process. Such an approach is compatible with the principles of transparency and accountability in Islamic financial transactions (Otoritas Jasa Keuangan, 2023, 2024; Republik Indonesia, 2023).

The requirement to protect participants' interests can also be examined through the principle of fairness in financial services. Fair treatment means that participants should not bear disproportionate costs or disadvantages arising from a corporate decision that is primarily intended to improve institutional efficiency. For example, additional administrative procedures should not unnecessarily restrict access to claims, reduce the effectiveness of insurance protection, or create unreasonable burdens for participants. Likewise, the receiving company should not use the transfer as a basis for unilaterally changing the economic substance of the insurance relationship. The regulatory requirement that separation must not reduce the rights of policyholders and participants provides an important legal standard for evaluating these potential consequences. This standard requires both transferring and receiving companies to ensure that institutional interests remain balanced with the legitimate expectations and contractual entitlements of participants (Otoritas Jasa Keuangan, 2023).

From the perspective of legal certainty, the transfer of participation portfolios should also provide clarity regarding the institution responsible for fulfilling existing obligations. Participants must be able to identify the company that administers their insurance arrangements after the transfer and understand the procedures applicable to their contractual rights. Uncertainty regarding responsibility may create difficulties when participants submit claims, request information, or seek the settlement of disputes. Therefore, the transfer documentation should clearly establish the transferred portfolio, the effective date of the transfer, the scope of the obligations assumed by the receiving company, and the relevant procedures for maintaining participant services. The existence of clear legal and administrative documentation is important to preventing conflicting interpretations between the transferring company, receiving company, and participants. In this regard, legal certainty functions as a protective instrument that supports the enforceability of contractual rights throughout institutional restructuring (Republik Indonesia, 2014, 2023; Otoritas Jasa Keuangan, 2024).

Another dimension of participant protection concerns the management of qardh obligations and the financial position of the transferred portfolio. In Islamic insurance, qardh may be relevant when the tabarru' fund experiences a deficit and requires an interest-free loan from the company in accordance with the applicable regulatory and contractual framework. When a portfolio is transferred, the financial position and relevant qardh obligations must be identified to ensure that the receiving company has an adequate understanding of the obligations associated with the transferred business. The transfer should therefore include proper reconciliation of the relevant financial records and the allocation of

responsibilities in accordance with applicable regulations. Failure to address these matters may create uncertainty regarding the financial sustainability of the tabarru' fund and potentially affect the interests of participants. Consequently, the transfer of financial obligations must be assessed not only in terms of accounting accuracy but also in relation to the principles of trustworthiness and responsible management of participants' funds (Otoritas Jasa Keuangan, 2023, 2024).

The protection of participants also requires an effective complaint-handling and dispute-resolution mechanism. Institutional restructuring may create situations in which participants are uncertain about the appropriate institution to contact when problems arise. This may involve disputes concerning the status of insurance coverage, the calculation of benefits, the administration of investment funds, or the settlement of claims. The transferring and receiving companies should therefore ensure that participants retain access to complaint channels and that responsibilities for handling complaints are clearly established. A well-designed mechanism should provide accessible procedures, transparent communication, and timely responses to participants' concerns. This is particularly important in Islamic insurance because the relationship between the company and participants is founded on trust and mutual responsibility. Effective complaint handling is consequently not only a regulatory concern but also an expression of the ethical obligations associated with Islamic financial management (Republik Indonesia, 2023; Otoritas Jasa Keuangan, 2023).

Based on the above analysis, the legal protection of participants in portfolio transfers requires an integrated approach involving contractual continuity, financial accountability, transparency, fair treatment, and regulatory supervision. The transferring company must ensure that the portfolio is properly prepared and documented, while the receiving company must demonstrate its ability to maintain the transferred insurance relationships and fulfill the relevant obligations. Participants, meanwhile, must retain access to the rights and benefits established under their original insurance arrangements. The regulatory requirement that separation must not reduce participants' rights should therefore be interpreted as a substantive obligation that governs the entire transfer process, rather than merely as a formal condition for obtaining regulatory approval. This interpretation strengthens the position of participants as parties whose interests must remain central to institutional restructuring (Otoritas Jasa Keuangan, 2023, 2024).

Analysis of Portfolio Transfers Based on Islamic Law, Maslahah, and Maqasid al-Shariah

The transfer of Sharia insurance participation portfolios should also be evaluated through the normative framework of Islamic law because the legitimacy of Islamic financial activities is not determined exclusively by compliance with administrative and regulatory requirements. Islamic law requires financial transactions to uphold justice, trustworthiness, transparency, mutual consent, and

the avoidance of harm. These principles are particularly relevant to Islamic insurance because the relationship between the company and participants involves the management of funds entrusted for collective protection and financial security. Accordingly, the transfer of an insurance portfolio must preserve the ethical and legal foundations of the original insurance arrangement. The receiving company should not merely acquire the administrative responsibility for the portfolio but must also maintain the Sharia principles governing the management of participants' funds and the fulfillment of insurance obligations. In this context, the application of Islamic law provides an important normative framework for evaluating whether institutional restructuring remains consistent with the objectives of Sharia and the protection of participants' interests (Tahir et al., 2021; Islam et al., 2024).

One of the most important Islamic legal principles in this context is amanah, which refers to trustworthiness and the responsibility to properly manage something entrusted by another party. In Islamic insurance, participants entrust their contributions to the insurance institution for management in accordance with the agreed contractual arrangements and Sharia principles. The company therefore has an obligation to manage these funds responsibly and ensure that their use remains consistent with the intended purposes. When a portfolio is transferred, the principle of amanah requires the transferring and receiving companies to ensure the accuracy, security, and continuity of the relevant financial and contractual records. The receiving company must accept the responsibilities associated with the transferred portfolio and maintain appropriate standards of financial accountability. Meanwhile, the transferring company must ensure that the transfer is conducted without neglecting the interests of participants. Consequently, amanah establishes an ethical and legal standard requiring that institutional restructuring must not become a justification for weakening the protection of entrusted funds (Al-Qur'an, Surah An-Nisa [4]: 58; Otoritas Jasa Keuangan, 2023).

The principle of justice (al-'adl) is equally significant because the transfer of a portfolio involves several parties with different institutional and economic interests. The transferring company may seek to improve its corporate structure, while the receiving company may expect to strengthen its market position and expand its insurance portfolio. Participants, however, primarily expect the continuity of insurance protection and the fulfillment of their contractual entitlements. Islamic law requires that these interests be managed fairly and that participants do not become the parties who bear disproportionate disadvantages arising from institutional decisions. Justice therefore requires that the transfer process be conducted through transparent procedures, accurate financial reconciliation, and the preservation of existing contractual rights. Any decision that produces institutional benefits while unnecessarily reducing participants' benefits would raise serious concerns from the perspective of Islamic legal ethics. The principle of al-'adl consequently provides a normative basis for ensuring that

portfolio transfers are implemented in a balanced and responsible manner (Al-Qur'an, Surah An-Nahl [16]: 90; Islam et al., 2024).

Furthermore, the principle of mutual consent (taradhi) is relevant to the contractual dimension of Islamic insurance. The Qur'an emphasizes that commercial transactions should be conducted through mutual consent and should not involve the wrongful appropriation of another party's property. In the context of portfolio transfers, this principle highlights the importance of ensuring that participants receive sufficient information concerning changes in the administration of their insurance arrangements. Although institutional separation may be authorized by regulation, the legal and ethical consequences for participants must remain consistent with the contractual principles governing the original insurance relationship. Mutual consent should therefore be understood in conjunction with transparency, disclosure, and the protection of legitimate contractual expectations. Participants must not be exposed to misleading information or uncertainty concerning the status of their insurance protection. This principle reinforces the argument that the transfer of portfolios should be implemented through procedures that respect the rights and interests of participants as parties to Islamic financial arrangements (Al-Qur'an, Surah An-Nisa [4]: 29; Otoritas Jasa Keuangan, 2023, 2024).

Another important principle is the avoidance of excessive uncertainty (gharar) and injustice (zulm) in financial transactions. In Islamic commercial law, uncertainty becomes problematic when it creates significant ambiguity concerning the rights, obligations, or essential elements of a transaction. Portfolio transfers may create such concerns when participants are not adequately informed about the identity of the receiving company, the continuity of insurance benefits, the administration of claims, or the management of their financial contributions. Unclear transfer procedures may also create uncertainty concerning the institution responsible for fulfilling existing contractual obligations. Therefore, the transfer process must establish clear legal documentation, accurate financial records, and accessible communication channels. The purpose of these safeguards is to prevent uncertainty from undermining participants' contractual rights and to ensure that institutional restructuring does not produce avoidable harm. In this regard, the principles of avoiding gharar and zulm strengthen the normative requirement for transparency and legal certainty in Islamic insurance portfolio transfers (Al-Qur'an, Surah Al-Baqarah [2]: 188; Otoritas Jasa Keuangan, 2023).

The principle of Maslahah provides a broader analytical framework for assessing the legitimacy and consequences of the transfer policy. In Islamic jurisprudence, Maslahah refers to the realization of benefits and the prevention of harm in accordance with the objectives of Islamic law. A policy may be considered beneficial when it contributes to public welfare, strengthens institutional capacity, and protects the interests of individuals affected by its implementation. However, the existence of institutional benefits alone does not automatically establish that a

policy is consistent with Maslahah. Its consequences must also be examined in terms of fairness, proportionality, and the prevention of harm. In the context of Sharia insurance, portfolio transfers may generate benefits through stronger institutional independence, more specialized management, improved operational efficiency, and increased competitiveness. Nevertheless, these benefits must be balanced against the potential risks experienced by participants, particularly regarding the continuity of insurance protection, financial accountability, and contractual certainty. Therefore, Maslahah requires that the transfer policy generate benefits that extend beyond the interests of the companies and contribute to the protection of participants and the broader public (Islam et al., 2024; Kholis, 2025).

The application of Maslahah can be further analyzed through the classification of public interest in Islamic jurisprudence. The concept of Maslahah Daruriyyah refers to essential interests necessary for the preservation of fundamental aspects of human life and social order. Maslahah Hajiyyah concerns interests that facilitate human activities and prevent excessive difficulties, while Maslahah Tahsiniyyah relates to improvements in ethical conduct, quality, and social well-being. In the context of portfolio transfers, the protection of participants' financial interests and the continuity of insurance benefits may be associated with essential welfare considerations because insurance protection is intended to help participants and their families manage specified financial risks. The availability of accessible administrative services and effective claims procedures may be understood as facilitating interests that prevent unnecessary hardship. Meanwhile, improvements in governance, transparency, and professional standards contribute to the broader quality of Islamic insurance services. This classification provides a conceptual basis for evaluating the different dimensions of benefits and risks arising from institutional restructuring (Al-Ghazali, 1993; Islam et al., 2024).

The principle of Maqasid al-Shariah further strengthens this analysis by providing a framework for assessing whether the transfer policy supports the fundamental objectives of Islamic law. The five essential objectives include the protection of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and wealth (hifz al-mal). These objectives are interconnected and provide a comprehensive normative foundation for Islamic financial activities. In the context of Islamic insurance, the protection of wealth is particularly important because participants contribute funds to obtain financial protection against specified risks. The continuity of insurance benefits, the proper management of financial contributions, and the fulfillment of contractual obligations are therefore closely connected to hifz al-mal. At the same time, the protection of family welfare and the availability of financial assistance following insured events may also contribute to the broader objectives of preserving life and family stability. Accordingly, the evaluation of portfolio transfers should consider their

contribution to the preservation of participants' financial security and social welfare rather than focusing exclusively on institutional efficiency (Islam et al., 2024; Kholis, 2025).

From the perspective of Hifz al-Mal, the transfer of an insurance portfolio must ensure that participants' contributions, investment funds, and financial entitlements are maintained and managed appropriately. The receiving company must possess adequate financial and administrative capacity to manage the transferred assets and fulfill the associated obligations. Financial reconciliation is therefore essential to ensuring that the value and legal status of participants' funds are accurately recorded throughout the transfer process. Inadequate financial documentation, inaccurate valuation, or unclear allocation of obligations may create risks that ultimately affect participants' interests. Consequently, the principle of Hifz al-Mal requires the establishment of reliable accounting systems, internal controls, and transparent reporting mechanisms. These measures are not merely technical requirements but also constitute practical expressions of the Islamic obligation to protect property and prevent wrongful appropriation. Therefore, the effectiveness of portfolio transfers should be evaluated in terms of their ability to maintain the integrity and continuity of participants' financial rights (Al-Qur'an, Surah An-Nisa [4]: 29; Otoritas Jasa Keuangan, 2023, 2024).

The concept of Maslahah also requires consideration of the relationship between the interests of individual participants and the collective interests of the Islamic insurance industry. Institutional separation may provide opportunities to strengthen the governance and competitiveness of Sharia insurance companies, which may contribute to the development of a more sustainable Islamic financial ecosystem. Independent Sharia insurance institutions may have greater opportunities to develop specialized products, improve risk management, strengthen human resource capabilities, and invest in technology. These developments may generate long-term benefits for participants through improved service quality and more effective insurance management. However, the realization of such benefits depends on the ability of insurance companies to translate institutional improvements into tangible protection for participants. If the transfer produces operational disruptions, weakens claims administration, or creates uncertainty concerning participants' funds, the expected benefits may not be fully realized. Thus, Maslahah requires a comprehensive assessment of both the potential advantages and the possible disadvantages of the separation policy (Otoritas Jasa Keuangan, 2023; Otoritas Jasa Keuangan, 2024; Islam et al., 2024).

The distinction between institutional Maslahah and participant-oriented Maslahah is also important in evaluating the transfer policy. Institutional Maslahah concerns the improvement of organizational structures, financial resilience, governance, and operational efficiency. Participant-oriented Maslahah, on the other hand, concerns the protection of contractual rights, the continuity of insurance benefits, the security of financial contributions, and access to fair

services. Both dimensions should ideally support each other because a financially sustainable insurance institution is better positioned to fulfill its responsibilities toward participants. Nevertheless, institutional objectives should not take precedence over the fundamental rights of participants. The transfer of portfolios should therefore be designed so that improvements in corporate governance and operational capacity are accompanied by effective participant protection. This balanced approach is consistent with the principle that public interest in Islamic law must be assessed according to its actual benefits and its capacity to prevent harm to the parties affected by a policy (Kholis, 2025; Otoritas Jasa Keuangan, 2023).

The application of Maslahah can also be used to evaluate the responsibilities of the transferring and receiving companies. The transferring company must ensure that the portfolio is properly prepared, all relevant obligations are identified, and participants' rights are not neglected during the transition. The receiving company must demonstrate that it has the capacity to maintain the transferred insurance relationships and administer the associated financial and contractual obligations. Both companies must also ensure that the transfer is conducted transparently and that participants receive appropriate information. These responsibilities reflect the Islamic ethical principles of amanah, al-'adl, and the prevention of harm. The transfer process should therefore not be treated as a purely administrative matter but as a legal and ethical responsibility that requires accountability from all institutions involved. This interpretation places participant protection at the center of the institutional separation process and reinforces the relationship between regulatory compliance and Islamic legal values (Otoritas Jasa Keuangan, 2023, 2024; Islam et al., 2024).

A further implication of this analysis concerns the role of Sharia governance in the transfer process. Islamic insurance companies are expected to ensure that their business activities remain consistent with Sharia principles, including the proper management of participants' funds and the implementation of Sharia-compliant contracts. In the context of portfolio transfers, Sharia governance should examine whether the transfer arrangements preserve the legal character and intended purposes of the funds being transferred. The treatment of tabarru' funds, investment funds, ujrah, and qardh obligations must be consistent with the relevant contracts and applicable Sharia requirements. Sharia supervision is therefore important to ensuring that institutional restructuring does not create practices that contradict the principles governing Islamic insurance. Furthermore, the involvement of Sharia supervisory mechanisms can strengthen participants' confidence that the transferred portfolio continues to be managed according to Islamic legal and ethical standards (Otoritas Jasa Keuangan, 2023, 2024).

Based on the normative analysis, the transfer of Sharia insurance participation portfolios can be consistent with Islamic law when it fulfills the requirements of justice, trustworthiness, transparency, and the protection of

participants' wealth. The institutional objective of strengthening the Islamic insurance industry may constitute a form of Maslahah when the policy generates genuine benefits for participants and does not undermine their existing rights. Conversely, a transfer that creates uncertainty, reduces contractual benefits, weakens the management of participants' funds, or obstructs claims settlement may conflict with the objectives of Islamic law. Therefore, the principle of Maslahah should function as an evaluative standard for examining the actual consequences of the transfer rather than merely serving as a theoretical justification for institutional restructuring. This approach emphasizes that the legitimacy of Islamic insurance policies must be reflected in their practical contribution to justice, financial security, and public welfare (Islam et al., 2024; Kholis, 2025; Otoritas Jasa Keuangan, 2023).

An important legal consideration in this research is the development of the regulatory framework after the issuance of POJK No. 11 of 2023. Law No. 4 of 2026, which amends Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector, entered into force on 17 June 2026. Therefore, the interpretation of the statutory framework governing Islamic insurance separation should take account of the latest amendments, particularly when determining the legal basis and supervisory responsibilities applicable at the time of implementation. Nevertheless, POJK No. 11 of 2023 remains listed as an effective regulation by the Financial Services Authority. This distinction is important because the research should differentiate between the continuing applicability of the specific OJK regulation and the need to interpret its statutory foundation in accordance with subsequent legislative developments (Republik Indonesia, 2026; Otoritas Jasa Keuangan, 2023).

The relationship between the regulatory framework and Maslahah ultimately demonstrates that the protection of participants' rights should function as a substantive criterion for evaluating the success of portfolio transfers. Regulatory approval and the completion of administrative procedures are important elements of legal compliance, but they do not independently establish that the transfer has achieved the objectives of Islamic law. The actual implementation must demonstrate that participants retain their contractual rights, their financial contributions are properly managed, and their access to insurance benefits remains uninterrupted. The transferring and receiving companies must also maintain effective accountability mechanisms to prevent institutional restructuring from creating financial or administrative disadvantages for participants. Accordingly, the transfer policy should be evaluated through both formal legal compliance and its practical consequences for the parties whose interests are directly affected (Otoritas Jasa Keuangan, 2023, 2024; Islam et al., 2024).

Overall, the analysis indicates that the transfer of Sharia insurance participation portfolios to other licensed Sharia insurance companies can be

justified from the perspective of Islamic law when the process fulfills the requirements of justice, transparency, trustworthiness, contractual continuity, and the protection of wealth. The principle of Maslahah provides an important normative foundation for ensuring that institutional restructuring produces benefits for participants and the wider Islamic financial industry. However, the realization of these benefits depends on the effectiveness of regulatory supervision, the institutional capacity of receiving companies, the accuracy of financial administration, and the availability of adequate mechanisms for protecting participants' rights. Therefore, the implementation of POJK No. 11 of 2023 should be understood as a process that integrates institutional development with the ethical and legal responsibilities of Islamic insurance companies. The ultimate objective is not merely to establish independent and competitive Islamic insurance institutions but also to strengthen public confidence and ensure that the development of Islamic insurance remains consistent with the fundamental objectives of Sharia (Republik Indonesia, 2023, 2026; Otoritas Jasa Keuangan, 2023, 2024).

Conclusion

This study concludes that the transfer of Sharia insurance participation portfolios from Sharia Business Units to other licensed Sharia insurance companies constitutes a legally recognized mechanism for strengthening the institutional structure and competitiveness of the Islamic insurance industry in Indonesia. Financial Services Authority Regulation (POJK) No. 11 of 2023 provides the regulatory foundation for this process by establishing the separation mechanisms and requiring the protection of policyholders' and participants' rights. However, the implementation of portfolio transfers should not be understood merely as an administrative or institutional restructuring process. It also involves the continuation of contractual relationships, financial obligations, and participants' entitlements. Therefore, the transferring and receiving companies have responsibilities to ensure the continuity of insurance protection, proper management of tabarru' and investment funds, accurate financial administration, and the fulfillment of outstanding claims and other contractual obligations. Regulatory compliance must consequently be accompanied by effective transparency, accountability, and legal certainty to prevent institutional restructuring from disadvantaging participants.

From the perspective of Islamic law, the transfer of insurance portfolios must comply with the principles of amanah (trustworthiness), al-'adl (justice), taradhi (mutual consent), and the prohibition of gharar (excessive uncertainty) and zulm (injustice). The principle of Maslahah provides an important normative foundation for evaluating whether the transfer policy generates genuine benefits and prevents potential harm to participants. Furthermore, the framework of

Maqasid al-Shariah, particularly the protection of wealth (hifz al-mal), emphasizes that participants' financial contributions, investment rights, and insurance benefits must remain protected throughout the transfer process. Institutional improvements, operational efficiency, and increased competitiveness can be considered forms of public benefit when they are accompanied by substantive protection of participants' interests. Accordingly, the legitimacy of portfolio transfers should not be determined solely by regulatory authorization but also by their consistency with the ethical and legal objectives of Islamic law. This research therefore emphasizes that the successful implementation of Sharia insurance portfolio transfers requires an integrated relationship between regulatory compliance, institutional accountability, and Islamic legal values. The Financial Services Authority needs to ensure effective supervision, while transferring and receiving companies must establish transparent transfer procedures, accurate financial reconciliation, continuous claims administration, and accessible complaint-handling mechanisms. Ultimately, portfolio transfers should strengthen the sustainability of Islamic insurance institutions without diminishing participants' contractual rights or financial security. By integrating the regulatory framework of POJK No. 11 of 2023 with the principles of Maslahah and Maqasid al-Shariah, this study contributes to the development of Islamic insurance law and provides a normative foundation for institutional restructuring that is fair, transparent, accountable, and oriented toward the protection of participants and the realization of public welfare.

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