CHAPTER .1
INTRODUCTION

1.1.Background.

Jiwasraya State Life Insurance Company is one of the oldest and biggest life insurance Companies in Indonesia. Total asset of Jiwasraya State Life Insurance Company at the end of the 1999 is 1,631,741 million rupiahs, consists of investment assets 1,329,967 million rupiahs and liabilities to policyholders 1,332,761 million rupiahs. During the 1999, total income of Jiwasraya is 612,287 million rupiahs, consist of Net premium income 503,864 million rupiahs and investment income 103,225 million rupiahs. On the other hand, total expenses during 1999 is 595,847 million rupiahs, so that net income after taxes of Jiwasraya becomes 16,440 million rupiahs. Number of policyholders at the end of 1999 is 2,555,127, this portfolio managed by 1,592 employees. The number of the manager of marketing unit is 1,121 persons, and total Sales Agent is 3,591 persons. All the marketing activities supervised through Branch and District offices to serve the customer all over the areas of Indonesia. All sales agents operate from Branch and District offices. The number of the Branch offices of Jiwasraya in 1999 was17 offices and the number of District offices was 70. In order to collect the premium especially from the old business customers, Jiwasraya employed 620 persons as Premium Collectors.

Computer based information system at Jiwasraya State Life Insurance Company started in 1974. At the early stage of computerization in the company, the application systems covered only policy issue and billing.

This application system using RPG-II programming language and hardware is IBM S/3 supported by 96-column card.

In 1978 due to the growth of the company and the increasing number of the customers, the hardware needed to be replaced by bigger and higher capacity one. The company decided to use IBM S/370 and ANS COBOL with Disk Operating System (DOS) for software support. Starting in 1986 the company used IBM AS/400 and Local Area Network (LAN) to support the information system in the company, including Head Office, Branch Office and District Office spread throughout Indonesia. In 1996 Jiwasraya started using Internet for internal and external communication for all Jiwasraya offices throughout Indonesia. Network diagram of communication among Head office, Branch offices and District offices is shown in figure 1.1.

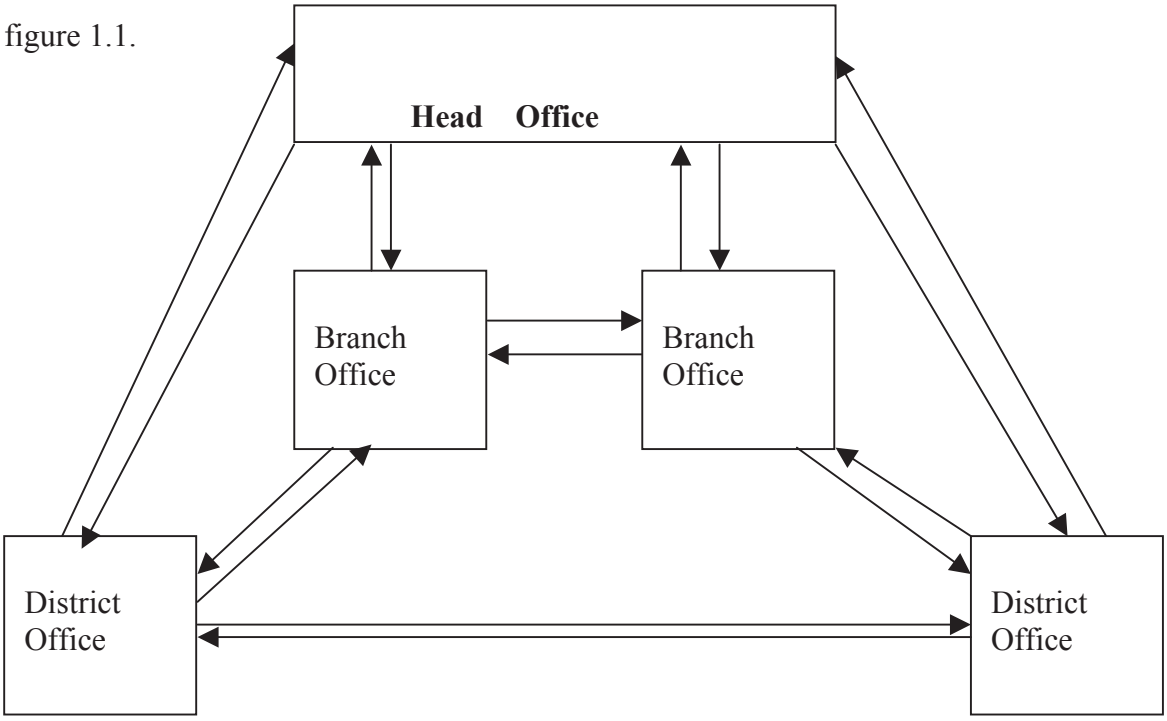

Figure.1.1. Communication diagram among Head, Branch and District offices.

1.2.Problem statement.

In the early development of the information system at Jiwasraya State Life Insurance Company, staff of EDP Department assisted by a consultant from IBM Indonesia, developed Policy issue and billing system to support Head office administration. Then the EDP staff of Jiwasraya improved and modified the application system according to the increasing number of customer and growth of the company. Due to the global competition, in 1998 the management of the company decided to implement a global standard information system used by other life insurance companies, from Singapore. Until now nobody in the company has known the effectiveness of the existing information system used to support the whole administration activities. Management and users of the existing system also need to know whether the existing system supplied enough information to support the process of decision making in their management activities at the Head Office, Branch Offices and District Offices throughout Indonesia. Managers and staff of the EDP department also need to know whether that existing system supply the information needs of the users and match with the strategic information planning of the company strategic planning. This problem diagrams is shown in figure.1.2.

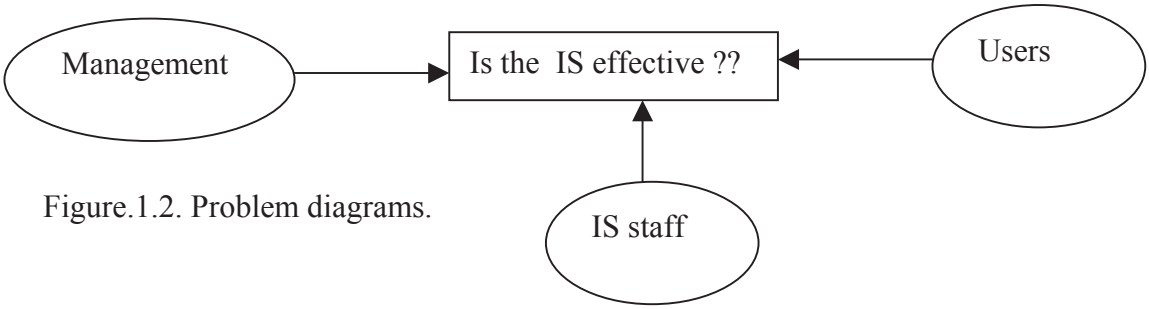

Figure.1.2. Problem diagrams.

1.3.Objectives and benefits.

The objectives of this research is to evaluate the effectiveness of the information system at the Jiwasraya State Life Insurance Company from the management, user and E.D.P. staff point of view.

The benefits of this research may also improve the performance of the information system for the company and the users of this system. Through an analysis on the result of this research, Management and staff of E.D.P. department should focus on a certain factor to improve the existing Information System, inherent with the opinion from Users viewpoint as explained in this research.

This research may also give benefits to the university in terms of the expansion or addition of experience of the research in the effectiveness of information systems in business practice.

From this research, Management and E.D.P. staff of Jiwasraya State Life Insurance Company can get information on user satisfaction and impact of information systems usage in the company.

1.4.Scope of research.

The scope of this research is the existing Information System used by the company at the Head Office, Branch Offices and District offices. Because Jiwasraya State Life Insurance Company covers big number of Branch Offices and District Offices, the respondents are selected from the Head office and the Jakarta Branch Offices.

Due to the complexity and large number of application used at the company, the research concentrated to a certain application systems. The application systems included in this survey are:

Underwriting of the individual business, Group business, Pension, Accounting, Investment and Other applications related to the business of Jiwasraya.

This research collected the perception of expectations and perceived performance of existing information systems used in their daily activities, through the questionnaire