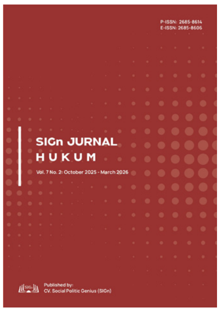

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Article Title

Corporate Liability of Ride-Hailing Services: An Analysis of Partnership Legal Fiction and the Reconstruction of Passenger Safety Regulation

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ABSTRACT

The rapid adoption of ride-hailing services in Indonesia is confronted by the problem of passenger safety vulnerability, stemming from normative regulatory insufficiency. The prevailing legal framework, comprising both the lex generalis (Law Number 22 of 2009) and the lex specialis (Ministerial Regulation Number 118 of 2018), is found to fail to provide a precise and operational mechanism for corporate liability. This failure creates a significant regulatory gap. This research aims to analyze the insufficiency of this legal framework, deconstruct the juridical implications of the "partnership" status, and construct an ideal, justice-based liability model. Employing a normative legal research (juridical-normative) method with statute, conceptual, and historical approaches, this study analyzes primary and secondary legal materials. The research findings indicate that this regulatory gap is exploited by application companies through the "partnership" construction. Substantively, this construction constitutes a legal fiction and a disguised employment relationship. This strategy is used to evade the doctrine of vicarious liability and systematically contributes to human error, which is the primary cause of accidents. This systematic contribution occurs through exploitative algorithmic management and the absence of fatigue management. Therefore, the novelty of this research is the proposition of a fundamental legal reconstruction. This reconstruction comprises two steps: imperatively affirming the legal status of application companies as "Transportation Service Providers," and implementing four pillars of imperative liability mechanisms: comprehensive insurance, vehicle-worthiness standards, driver-welfare standards (including online-hour limits), and a rapid victim compensation mechanism.

Keywords: *Corporate Liability; Legal Fiction; Passenger Safety; Regulatory Gap; Ride-Hailing Services.*

INTRODUCTION

Digital transformation has become a primary catalyst reshaping diverse aspects of global society, including Indonesia (Judijanto et al., 2024; Irwanto et al., 2025). One of the most disruptive manifestations of this revolution is the acceleration of the sharing economy, which has fundamentally altered consumption and mobility paradigms (Tontowi et al., 2025). Amidst this disruption, the urban transportation sector has experienced the most dramatic shift (Yunus et al., 2024). It is marked by the exponential demand for application-based special rental transport services, commonly referred to as ride-hailing services (Niapele & Rahajaan, 2024).

The presence of ride-hailing services offers efficiency, accessibility, and cost transparency, surpassing conventional transportation modes (Handayati et al., 2019). This convenience aligns with the efficiency demands of the modern lifestyle (Magfiroh, 2019). However, this convenience introduces new juridical complexities, particularly concerning passenger safety and security. It contrasts with conventional public transport, which requires operators to be legal entities (Hariyono & Prawesthi, 2015). That regulation provides a clear legal subject for accountability. Conversely, the ride-hailing business model introduces a "gray area" regarding legal liability. This gray area creates substantial legal uncertainty for consumers, who are often unaware of who should be held liable when losses occur.

A crucial problem emerges when incidents harm passengers, such as traffic accidents. Application companies, as the dominant corporate entities controlling the platform and data and profiting from every transaction, tend to position themselves merely as "technology companies" or intermediaries. This pretext is used to evade core responsibilities as transportation service providers. Concurrently, they shift all risks and liabilities onto individual "partner" drivers and the passengers as victims (Ismail et al., 2024). This practice of risk shifting has become the standard business model. In this model, legal liability is treated as a negative externality, intentionally transferred from the corporate balance sheet to the shoulders of the most vulnerable individuals.

This situation is exacerbated by alarming vulnerability data. An official report from the Ministry of Transportation (2023) notes a high rate of traffic accidents, with the majority (61%) attributed to human error. In the context of ride-hailing services, human error cannot be viewed solely as the driver's individual fault. This factor is intrinsically linked to the corporation's larger system. This system includes how the company designs algorithms that demand speed, implements incentive systems encouraging excessive work hours, and manages partner work schedules, potentially inducing systemic fatigue. The commercial pressures institutionalized by these algorithms directly contribute to the driver's psychophysical condition. Consequently, assigning all blame to the driver is an oversimplification that ignores the corporation's systemic responsibility.

Normatively, this situation stems from a significant regulatory gap. The existing legal framework, particularly Law Number 22 of 2009[1] and its derivative regulation, Ministerial Regulation Number 118 of 2018[2], has proven incapable of addressing this disruptive business model. These regulations were designed in a pre-digitalization era, failing to anticipate the unique platform business model (Handayati et al., 2019; Mariyam, 2019b). This model is unique because the entity with the most operational power (the application company) is not the owner of the physical assets (the vehicles).

Previous research has confirmed this regulatory insufficiency. Farhan (2018) analyzed the failure of the precursor regulation (Ministerial Regulation Number 108 of 2017), which also failed to establish mechanisms for corporate liability explicitly. It indicates a chronic regulatory problem. A similar failure was inherited by Ministerial Regulation Number 118 of 2018. Despite granting legal recognition, this regulation focuses more on administrative aspects (such as tariffs, quotas, and stickers) rather than the substance of passenger safety protection and liability mechanisms (Ismail

[1]Law Number 22 of 2009, as amended by Article 55 of Government Regulation in Lieu of Law Number 2 of 2022.

[2]Minister of Transportation Regulation Number PM 118 of 2018, as amended by Minister of Transportation Regulation Number PM 17 of 2019.

et al., 2024). This regulation creates an illusion of governance, yet its substance lacks enforceable protection mechanisms.

Recent studies have also begun to delve deeper, highlighting the root problem of the "partnership" status. Research by Fransisco et al. (2025) sharply identifies this partnership scheme as a legal fiction and a disguised employment relationship. In this scheme, the element of subordination (command) is manifested robustly and effectively through algorithmic management. Fitriyani and Antasia (2025) add that this model is specifically designed to circumvent the fundamental doctrine of vicarious liability. This results in corporate impunity and weak legal protection for passengers (Salsabila & Yasarman, 2024).

Although previous research has identified the problem (Farhan, 2018; Ismail et al., 2024) and its root cause (Fransisco et al., 2025), few studies have comprehensively constructed an ideal legal reconstruction model following the failure of Ministerial Regulation Number 118 of 2018. This research aims to fill this gap by shifting from mere problem description to the formulation of prescriptive solutions. The novelty of this study lies in its deconstructive analysis of the partnership legal fiction, linking it directly to systemic human error. This analysis is then used as a juridical and sociological foundation to propose a prescriptive, comprehensive regulatory reconstruction founded on the principle of justice (Noronha et al., 2015).

Based on this background, this research has three primary objectives. *First*, to analyze the normative insufficiency of the current legal framework (Law Number 22 of 2009 and Ministerial Regulation Number 118 of 2018) in providing passenger safety protection. *Second*, to deconstruct the juridical implications of using the "partnership" status as a legal fiction for corporate liability avoidance. *Third*, to construct an ideal regulatory reconstruction model that imperatively places primary responsibility on the corporation, founded on the principle of justice. The contribution of this research is to provide critical academic input for regulators and legislators to reform the legal framework for ride-hailing services. The objective is to create legal certainty and tangible consumer protection.

METHOD

This study constitutes normative legal research (juridical-normative), focusing on the analysis of law in books (Qamar & Rezah, 2020). It aims to address the problem of normative vacuums and insufficiencies in the regulation of corporate liability for ride-hailing services. The nature of this research is descriptive-analytical, seeking to systematically describe, analyze, and interpret the existing legal framework. Furthermore, this study is prescriptive, aiming to construct an ideal future regulatory model. The research approach combines several methods commonly used in normative legal studies. *First*, the statute approach. This approach is employed to examine and analyze the substantive content of relevant regulations meticulously, primarily Law Number 22 of 2009 and Ministerial Regulation Number 118 of 2018. This approach is essential for identifying weaknesses, vacuums, vagueness, and both vertical and horizontal disharmony among norms, which contribute to regulatory failure.

Second, the conceptual approach is utilized to move beyond the statutory text. This approach analyzes doctrines and legal concepts relevant to the issue under discussion. It is central to dissecting the legal pretexts corporations employ. These pretexts primarily include the "partnership" concept, legal fiction, disguised employment relationship, and vicarious liability. This conceptual analysis is crucial for unpacking the substantive meaning behind the formal terminology used in agreements. *Third*, the historical approach is used in a limited capacity to trace the evolution and philosophical underpinnings of ride-hailing service regulation in Indonesia. This examination traces the progression from Ministerial Regulation Number 108 of 2017 to Ministerial Regulation Number 118 of 2018, aiming to understand the context of repeated regulatory failure and to demonstrate the urgency of a paradigmatic shift.

The sources of legal materials in this normative research consist of primary and secondary legal materials (Sampara & Husen, 2016). Primary legal materials comprise hierarchical legislation. These sources include the 1945 Constitution (regarding the right to security), the Civil Code (regarding principles of contract and unlawful acts), Law Number 22 of 2009, and Ministerial Regulation Number 118 of 2018. Secondary legal materials encompass all relevant supporting data. These sources include books, articles in scholarly legal journals (national and international), and supporting factual data from official reports, which serve to instigate the normative analysis.

All collected legal materials are analyzed using a qualitative-normative analysis technique (Irwansyah, 2020). This technique is implemented through several systematic stages to address the three research objectives. *First*, to address the first objective, the technique of legal interpretation is used. This technique primarily employs grammatical interpretation to understand the literal meaning of statutory provisions, and systematic interpretation to understand internormative relationships (or their absence). *Second*, to address the second objective, a juridical deconstruction technique is employed. This technique is used to dismantle legal assumptions (such as the "partnership" status) by applying doctrines from secondary legal materials. *Third*, to address the third objective, the technique of prescriptive argumentation is utilized. In this technique, the researcher moves beyond merely describing the law as it is (*das sein*) to constructing arguments that recommend the law as it ought to be (*das sollen*). This argument builds on the preceding analysis and culminates in a regulatory reconstruction model grounded in justice.

RESULTS AND DISCUSSION

A. Normative Insufficiency in Passenger Protection: A Critical Analysis of Law Number 22 of 2009 and Ministerial Regulation Number 118 of 2018

An analysis of the legal framework governing ride-hailing services in Indonesia reveals a complex and problematic landscape. The two primary regulatory pillars referenced in this context are Law Number 22 of 2009 and Ministerial Regulation Number 118 of 2018. Although both regulations are intended to provide clarity and legal certainty, this research finds that companies' legal obligations, particularly those of application companies, remain highly general and non-specific. It creates significant ambiguity, especially in determining liability mechanisms when accidents resulting in passenger harm occur.

Law Number 22 of 2009 serves as the *lex generalis* governing all aspects of traffic and road transportation in Indonesia (Hariyono & Prawesthi, 2015). This Law was designed long before the ride-hailing phenomenon became dominant. Consequently, its paradigm remains heavily tied to the conventional transportation business model. The starting point for liability under this Law is the "Public Transport Company" entity. This entity is defined in Article 1 point 21 of the Law as a legal entity that provides transport services for people and/or goods using Public Motor Vehicles.

One of the legal obligations for such Public Transport Companies is explicitly detailed in Article 192 section (1) of Law Number 22 of 2009, which stipulates that:

> *"The Public Transport Company is responsible for losses suffered by Passengers who die or are injured as a result of the transport operation, unless caused by an event that could not be prevented or avoided, or due to the Passenger's fault."*

Normatively, this article establishes the principle of presumed liability for the transport provider. However, this seemingly robust legal foundation is paralyzed when confronted with the digital platform business model (Samad et al., 2025). The fundamental problem arises in applying the "Public Transport Company" definition to application companies. These corporations consistently position themselves not as ride-hailing service companies. Instead, they position themselves as "technology companies" or aggregators. They argue that they do not own vehicles (physical assets), do not directly employ drivers (but rather, partner with them), and merely provide the platform. This legal position provides a pretext for evading classification as a Public Transport Company.

As a result of this failure in defining the legal subject, the obligation stipulated in Article 192 section (1) of Law Number 22 of 2009 becomes unenforceable directly against application companies. Law enforcement and victims are confronted with a convoluted debate regarding the legal status of these companies. Law Number 22 of 2009 provides no definitive answer for this disruptive business model. This regulation creates the first regulatory gap, which is highly detrimental to the consumer's position.

Recognizing the vacuum left by Law Number 22 of 2009, the government responded by issuing Ministerial Regulation Number 118 of 2018. This regulation serves as a *lex specialis* intended to govern ride-hailing services specifically, the term used to refer to special rental transport (Mariyam, 2019a). This Ministerial Regulation brought several advancements, such as the obligation for vehicles to undergo periodic testing (KIR), the requirement for drivers to possess a Public Driver's License (*SIM A Umum*), and the obligation for drivers to operate under a legal entity (which could be a cooperative or a limited liability company).

However, when analyzed in depth under the statute approach, Ministerial Regulation Number 118 of 2018 also proves insufficient in explicitly establishing mechanisms for corporate liability. This failure repeats the regulatory problem of its predecessor (Ministerial Regulation Number 108 of 2017), which was also found to fail to address the crucial substance of corporate liability (Farhan, 2018). An analysis of the content of Ministerial Regulation Number 118 of 2018 shows that its focus remains highly administrative and operational. This focus includes, for example, regulating tariffs, quotas, stickers, and vehicle testing, rather than addressing the substantive guarantee of victim protection in the event of an accident.

The most fundamental weakness of Ministerial Regulation Number 118 of 2018 is its institutionalization of the "partnership" model. The regulation, rather than designating the application company as the primary responsible party, instead institutionalizes the shifting of liability. The obligation to possess a ride-hailing service provision license is imposed upon the "Corporation of Ride-Hailing Services" (Article 1 point 8). In practice, this entity is the legal body (a cooperative or limited liability company), micro-enterprise, or small enterprise under which the driver operates. Consequently, this Ministerial Regulation indirectly creates a pretext for the application company (Article 1 point 14) to deflect legal responsibility onto these partner entities.

In practice, these ride-hailing service corporations often serve merely as administrative "stamps" to meet regulatory requirements. These entities possess extremely weak bargaining power and lack substantive control over daily operations. These operations (such as tariff determination, route selection, and sanctions) are entirely governed by the application company's algorithm. When an accident occurs, the application company can easily point to this partner entity as the responsible party. However, that entity lacks both the financial and managerial capacity to bear the significant losses suffered by the passenger. It is a strategy of liability disintermediation, legalized by the regulation itself.

Thus, although Ministerial Regulation Number 118 of 2018 mentions "obligations" for safety (Article 28 section (1) point b) and consumer protection (Article 28 section (1) point c), these obligations have become a normative illusion. The regulation fails to provide a precise liability mechanism for accidents. Instead, it legitimizes a business model designed to disintermediate (sever) responsibility. This regulation does not explicitly state that the application company, as the entity that controls the platform, sets prices and reaps profits, is the party most responsible for ensuring passenger safety (Ismail et al., 2024).

It can be concluded that a systemic regulatory gap exists. The *lex generalis* (Law Number 22 of 2009) is too broad and conceptually paralyzed to ensnare the platform business model. Meanwhile, the *lex specialis* (Ministerial Regulation Number 118 of 2018), which was expected to be the solution, has failed substantively. This failure occurred because the regulation focused more on administration and legitimized the shifting of liability. As a result of this regulatory inconsistency and weakness (Salsabila & Yasarman, 2024), a legal gray area has been created. In this zone, application companies can operate with minimal liability, while the risk is shifted to partner drivers and passengers. This gap is the fundamental problem, a deficit that directly weakens consumer legal protection.

B. Juridical Deconstruction of Partnership Status: An Analysis of Legal Fiction and Its Implications for Corporate Liability Evasion

The regulatory gap described in the previous sub-chapter is not a passive legal vacuum. This gap is actively exploited by application companies through a sophisticated legal construction: the use of partnership status. In practice, partnership functions as the primary legal pretext for corporations to evade their fundamental responsibilities as ride-hailing service providers. This sub-chapter will deconstruct this partnership status using the conceptual approach. The objective is to prove that this construction is a legal fiction with direct implications for the weak protection of passenger safety.

Formally, application companies claim their relationship with drivers is a pure business partnership, not an employment (labor) relationship. Drivers are considered legally equivalent "independent contractors" who use the digital platform to find customers. The primary goal of this classification strategy is to avoid the fundamental doctrine of vicarious liability. This doctrine, rooted in Article 1367 of the Civil Code, states that a person (employer) is responsible for losses caused by their "subordinates" (employees) in the performance of assigned work. The legislative intent (ratio legis) of this article is to protect aggrieved third parties. This protection is afforded by requiring the entity deriving economic benefit from the work (the employer) also to bear the risk of loss arising from that work. By claiming drivers are "partners" rather than subordinates, application companies juridically attempt to sever this chain of responsibility (Fitriyani & Antasia, 2025).

However, when analyzed substantively, this partnership claim collapses. Fransisco et al. (2025) explicitly identify this partnership status as a legal fiction and a disguised employment relationship. Despite the "partner" label, the actual relationship fulfills all the essential elements of an employment relationship. These elements include the existence of work, wages, and, most crucially, the element of "command" or subordination. This subordination is no longer expressed through verbal commands from a foreman; instead, it has become algorithmic management.

Algorithmic management is the tangible manifestation of digital subordination. The application company, through its algorithm, unilaterally controls every aspect of the driver's "work." The algorithm determines: (a) work (order) allocation; (b) dynamic fare (price) setting, which drivers cannot negotiate; (c) the routes to be taken; (d) strict performance standards (e.g., minimum acceptance rates); and (e) punitive sanction mechanisms (account suspension or partnership termination) if performance standards are not met. Drivers have zero bargaining position to negotiate these terms. They are in a take-it-or-leave-it position, which is the antithesis of an equal and parallel partnership.

This imbalanced partnership construction also potentially violates a fundamental principle of Indonesian contract law. Article 1338 of the Civil Code requires that agreements be executed in good faith (bona fide). An agreement where one party (the corporation) entirely dictates all terms and conditions, while the other party (the partner) is in a weak, subordinate position with no negotiating power, is substantively questionable in its bona fides (Mariyam & Zabidin, 2020). This systemic imbalance in the partnership model has been identified as a primary source of injustice and legal uncertainty within the ride-hailing ecosystem (Mariyam et al., 2025a).

The direct implication of this legal fiction is a massive shift in risk from the corporation to the individual. Because they are legally considered "partners," the drivers themselves bear all operational risks. These risks include fuel costs, vehicle maintenance, the risk of vehicle damage, and, most fatally, the risk of highway accidents. The corporation, which profits from every transaction, has succeeded in externalizing safety costs and legal liabilities onto the parties least able to bear them.

Herein lies the critical link between the partnership business model and the statistical data showing 61% of accidents are caused by human error (Ministry of Transportation, 2023). In the narrative constructed by corporations, human error (such as fatigue, speeding, or lack of focus) is purely the individual driver's fault. Some academic views also still focus on the "driver's legal culture" as the primary cause (Mariyam et al., 2025b).

However, this view, which blames the individual driver, is an oversimplification that ignores the actual root problem. Within the conceptual approach framework, such human error is not the cause, but rather the consequence of a systemic corporate failure. This failure is designed, whether intentionally or unintentionally, through exploitative algorithmic management. This system prioritizes growth and service availability over safety.

Incentive and bonus systems are designed to maximize the number of trips, not the quality of safety. This encourages drivers to work beyond safe hourly limits to pursue targets. The absence of effective oversight and fatigue-management mechanisms within the algorithm constitutes systemic negligence. When a driver, fatigued from working 16 hours nonstop (driven by the incentive scheme), causes an accident, this is not purely individual human error. This event is more accurately described as a system-induced error. Risk-taking behavior by drivers is often a rational response to the economic pressures created by the platform's design itself.

Therefore, corporate responsibility must not cease at the initial verification stage (checking licenses and police records). This responsibility must be ongoing. It includes the obligation to (a) provide periodic defensive driving training; (b) implement systems that automatically limit driver work hours to prevent extreme fatigue; and (c) design incentive schemes that do not encourage risky driving behavior (Solovjova & Sivolapova, 2022). A corporation's failure to do these three things is a legal omission that contributes directly to the occurrence of accidents.

C. Reconstruction of Corporate Liability: The Urgency of Affirming Legal Status and Justice-Based Liability Mechanisms

The analysis of normative regulatory insufficiency and the juridical deconstruction of partnership status have comprehensively demonstrated the current legal framework's failure to protect passenger safety. It has been proven that the platform business model, sheltered by regulatory gaps and legal fictions, has systematically shifted risk onto the most vulnerable individuals. Confronted with this reality of systemic corporate failure, merely patching existing regulations is no longer adequate. A fundamental legal reconstruction is required. This reconstruction must be grounded in a new paradigm that establishes justice as the primary foundation of liability.

The philosophical foundation for this reconstruction is the principle of distributive justice. Justice in the context of liability law requires a linear relationship among three elements: Control, Profit, and Liability. The party that is most dominant in controlling a system (through algorithms, data, and rule-setting), and the party that derives the most significant financial profit from that system, must—logically, juridically, and ethically—be the party that bears the most significant liability (responsibility) (Noronha et al., 2015). Allowing the controlling entity to externalize risk is a form of institutionalized injustice. In the ride-hailing ecosystem, the entity is the application company, not the driver as an individual.

The oft-cited argument that corporations merely engage in voluntary Corporate Social Responsibility (CSR) is no longer relevant in the context of high-risk public services like ride-hailing. Guaranteeing passenger safety is not philanthropy; it is a core legal obligation. Therefore, the new legal framework must explicitly integrate traffic safety guarantees as an inseparable part of the corporate business model itself (Ando et al., 2020). Within this framework, consumer protection represents a form of good corporate governance and the internalization of the actual costs of business operations.

Thus, the first and most fundamental step in this legal reconstruction is to dismantle the "technology company imperatively" pretext. The new regulation—ideally at the level of a Law or, at minimum, a total revision of the Ministerial Regulation—must explicitly and unambiguously affirm the legal status of application companies as "Transportation Service Providers" (or an equivalent terminology that designates them as transportation legal subjects). This status affirmation is the juridical "gateway" to enforcing all obligations inherent to ride-hailing service providers.

This affirmative regulatory action will effectively be "piercing the corporate veil." This doctrine permits the law to pierce the corporate veil and impose liability on the controllers behind the corporate entity (Nusantara, 2025). By affirming their status as Transportation Service Providers, application companies can no longer hide behind the legal fiction of partnership to avoid vicarious liability (Fitriyani & Antasia, 2025; Fransisco et al., 2025). This new legal status will automatically restore the reach of the *lex generalis* (such as Article 192 section

(1) of Law Number 22 of 2009) and provide a solid foundation for specific liability mechanisms.

Once this fundamental legal status is affirmed, the second step is to formulate detailed, operational, and imperative liability mechanisms. The failure of Ministerial Regulation Number 118 of 2018 was the absence of these mechanisms (Ismail et al., 2024). Based on conceptual and teleological analysis, this reconstruction model proposes four pillars of mechanisms that must be mandatorily provided by the corporation as a Transportation Service Provider:

Pillar One: A Comprehensive Third-Party Liability Insurance Mechanism. The regulation must require application companies to provide comprehensive insurance covering passengers as third-party beneficiaries. Crucially, this insurance premium must become a corporate operational burden (as an internalization of externalities). This premium must not be charged to drivers via commission deductions or to passengers via additional fees. This insurance must be distinct from mere personal accident insurance. It must cover:

1. Medical expenses without an upper limit (corresponding to hospital cost structures);
2. Compensation for permanent disability (partial or total);
3. Decent death benefits for heirs; and
4. Compensation for lost income while the victim is unable to work.

Pillar Two: Corporate-Verified Vehicle Worthiness Standards. Safety begins with the vehicle's technical worthiness. The regulation must no longer rely solely on the formality of KIR testing (*Uji KIR*), which places the burden on the vehicle owner (partner). The corporation, as the provider, must be legally obligated to establish and operate a strict vehicle worthiness verification system. This system includes:

1. Initial physical verification by affiliated or designated workshops before the vehicle is permitted to operate on the platform;
2. An obligation for periodic re-inspection (e.g., every 6 months); and
3. A random audit system in the field to ensure continuous compliance.

Pillar Three: Driver Competence and Welfare Standards. This pillar is the direct response to the deconstruction of systemic human error. By acknowledging that human error is a product of the system, the corporation must be responsible for the driver's psychophysical condition. This (termed ongoing responsibility) extends beyond the mere initial checks of driver's licenses (SIM) and police records (SKCK). The new regulation must mandate:

1. Mandatory periodic safety training programs (such as defensive driving);
2. Implementation of a fatigue management system. This system involves an automatic limitation of the driver's online hours by the algorithm (e.g., a maximum of 10 or 12 hours in 24 hours) and the enforcement of mandatory rest periods; and
3. A prohibition on incentive scheme designs that encourage risk-taking behavior (e.g., chasing unrealistic trip targets in an unrealistic timeframe). This is the only structural solution to address the root cause of system-induced error.

Pillar Four: A Rapid and Accessible Victim Compensation Mechanism. Justice for victims concerns not only the amount of compensation but also the speed and ease of access to it. A victim who has just experienced an accident must not be burdened with a complicated claims process. This is especially critical given the power imbalance between the individual victim and the corporation. The regulation must mandate:

1. The establishment of a single reporting channel (Emergency/Claims Unit) that operates 24/7 and is easily accessible from the application.
2. A rapid procedure with a time limit (e.g., a maximum of 2x24 hours) for the corporation to provide a response and guarantee initial medical costs; and
3. The application of a no-fault principle. This means the corporation is obligated to cover the victim's emergency medical costs first, without waiting for legal proof of fault. The objective is to ensure the victim receives immediate treatment.

Consequently, the reconstruction of corporate liability can only be achieved through two integral steps. These steps affirm the application company's legal status as a "Transportation Service Provider" and require the implementation of the four liability mechanism pillars detailed above. This paradigm shift will transform the safety guarantee from a mere administrative illusion (as seen in Ministerial Regulation Number 118 of 2018) into a core legal obligation. This obligation must be concrete, enforceable, and founded on justice, in which the corporation is positioned as the primary guarantor of every risk arising from the services it provides.

CONCLUSIONS AND SUGGESTIONS

Based on the results and discussion, it is concluded that the currently applicable legal framework suffers from fundamental normative insufficiency. Both the *lex generalis* (Law Number 22 of 2009) and the *lex specialis* (Ministerial Regulation Number 118 of 2018) have failed. Law Number 22 of 2009 is found to be paralyzed by the obsolete legal definition of "Public Transport Company," which cannot accommodate the platform business model. Meanwhile, Ministerial Regulation Number 118 of 2018 acknowledges the existence of the "Application Company" and mentions safety obligations. However, this regulation fails to provide a clear, mandatory, and operational liability mechanism in the event of accidents. The regulation's biased focus on administrative aspects has created a significant regulatory gap.

Furthermore, this regulatory gap is actively exploited by application companies through the "partnership" construction. This construction can be juridically deconstructed as a legal fiction and a disguised employment relationship. This partnership model functions as a corporate strategy to evade the fundamental legal doctrine of vicarious liability by severing the formal subordination relationship. The implications of this strategy are fatal. This strategy not only places passengers in a highly vulnerable legal position (due to risk shifting) but also systematically creates the conditions for systemic failure. Within this failure, human error (the majority cause of accidents) is a product of an exploitative work system engineered by the corporation (via algorithmic management, the absence of fatigue management, and incentive design).

To address this systemic corporate failure and structural injustice, a fundamental legal reconstruction is necessary, one that is no longer piecemeal. This reconstruction must be founded on the principle of distributive justice, under which the party that most controls the system (the corporation) must also bear the most significant liability. This juridical solution involves two integral steps. *First*, the imperative affirmation of the application company's legal status as a "Transportation Service Provider" to dismantle the "technology company" legal pretext. *Second*, the implementation of four concrete liability mechanisms, namely: mandatory comprehensive insurance, corporate-verified vehicle-worthiness standards, driver welfare standards (including fatigue management via online hour limits), and a rapid victim compensation mechanism (based on an initial no-fault principle).

Departing from these conclusions, this research recommends that regulators (the Ministry of Transportation) and legislators (the House of Representatives) immediately initiate legislative reform. This reform must focus on formulating a new regulation (ideally at the level of a Law, or a substantial revision to the Ministerial Regulation) that explicitly and imperatively affirms the legal status of application companies as Transportation Service Providers. Most importantly, this new regulation must explicitly formulate detailed corporate liability mechanisms (encompassing the four pillars previously described). Legislative inertia in addressing this issue will only prolong legal uncertainty and continue to harm consumers. This reform is essential so that the guarantee of passenger safety is no longer an administrative illusion, but instead becomes a concrete, enforceable, and just legal obligation.

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