

Type: REGULATION (PER)

By: THE CHAIRPERSON OF THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY

Number: 36 YEAR 2024

Date: 20 DECEMBER 2024 (JAKARTA)

Title: AMENDMENT TO REGULATION OF THE FINANCIAL SERVICES AUTHORITY NUMBER 69/POJK.05/2016 REGARDING BUSINESS IMPLEMENTATION OF INSURANCE COMPANIES, SHARIA INSURANCE COMPANIES, REINSURANCE COMPANIES, AND SHARIA REINSURANCE COMPANIES

BY THE GRACE OF ALMIGHTY GOD

THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY,

Considering:

- a. whereas to implement the provisions of Article 5 paragraph (5), Article 28 paragraph (9), and Article 31 paragraph (5) of Law Number 40 Year 2014 regarding Insurance as amended by Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector, it is necessary to adjust provisions on expansion of business scope, cooperation with other party, and claim handling settlement as regulated in Regulation of the Financial Services Authority Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies;
- b. whereas to support business development of insurance companies, sharia insurance companies, reinsurance companies, and sharia reinsurance companies through the use of information technology in company business process, it is necessary to regulate insurance services by using information technology by making adjustment to Regulation of the Financial Services Authority Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies;
- c. whereas based on the considerations as referred to in item a and item b, it is necessary to stipulate a Regulation of the Financial Services Authority regarding Amendment to Regulation of the Financial Services Authority Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies;

In view of:

1. Law Number 21 Year 2011 regarding Financial Services Authority (State Gazette of the Republic of Indonesia Year 2011 Number 111, Supplement to the State Gazette of the Republic of Indonesia Number 5253) as amended by Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector (State

Gazette of the Republic of Indonesia Year 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

2. Law Number 40 Year 2014 regarding Insurance (State Gazette of the Republic of Indonesia Year 2014 Number 337, Supplement to the State Gazette of the Republic of Indonesia Number 5618) as amended by Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector (State Gazette of the Republic of Indonesia Year 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
3. Regulation of the Financial Services Authority Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies (State Gazette of the Republic of Indonesia Year 2016 Number 302, Supplement to the State Gazette of the Republic of Indonesia Number 5992);

HAS DECIDED:

To stipulate:

REGULATION OF THE FINANCIAL SERVICES AUTHORITY REGARDING AMENDMENT TO REGULATION OF THE FINANCIAL SERVICES AUTHORITY NUMBER 69/POJK.05/2016 REGARDING BUSINESS IMPLEMENTATION OF INSURANCE COMPANIES, SHARIA INSURANCE COMPANIES, REINSURANCE COMPANIES, AND SHARIA REINSURANCE COMPANIES.

Several provisions of Regulation of the Financial Services Authority Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies (State Gazette of the Republic of Indonesia Year 2016 Number 302, Supplement to the State Gazette of the Republic of Indonesia Number 5992) shall be amended as follows:

1. The provisions of Article 1 shall be amended so as to read as follows:

Article 1

In this Regulation of the Financial Services Authority, referred to as:

1. Company shall be insurance companies, sharia insurance companies, reinsurance companies, and sharia reinsurance companies.
2. Insurance Company shall be general insurance company and life insurance company.
3. Sharia Insurance Company shall be sharia general insurance company and sharia life insurance company.
4. General Insurance Business shall be risk insurance service business providing reimbursement to the insured or policy holder due to loss, damage, cost incurred, loss of profit, or third-party legal liability which may be suffered by the insured or policy holder due to the occurrence of an uncertain event.

5. Life Insurance Business shall be risk insurance service business providing payment to policy holder, the insured, or other entitled party in the event that the insured dies or remains alive, or other payment to policy holder, the insured, or other entitled party at a certain time regulated in an agreement, the amount of which has been stipulated and/or is based on fund management result.
6. Reinsurance Business shall be reinsurance service business for risks encountered by Insurance Company, guarantee company, or other reinsurance company.
7. Sharia General Insurance Business shall be risk management business based on sharia principles to help and protect each other by providing reimbursement to participant or policy holder due to loss, damage, cost incurred, loss of profit, or third-party legal liability which may be suffered by participant or policy holder due to the occurrence of an uncertain event.
8. Sharia Life Insurance Business shall be risk management business based on sharia principles to help and protect each other by providing payment based on the death or life of participant, or other payment to participant or other entitled party at a certain time regulated in an agreement, the amount of which has been stipulated and/or is based on fund management result.
9. Sharia Reinsurance Business shall be risk management business based on sharia principles for risks encountered by Sharia Insurance Company, sharia guarantee company, or other sharia reinsurance company.
10. General Insurance Company shall be a company implementing General Insurance Business.
11. Life Insurance Company shall be a company implementing Life Insurance Business.
12. Sharia General Insurance Company shall be a company implementing Sharia General Insurance Business.
13. Sharia Life Insurance Company shall be a company implementing Sharia Life Insurance Business.
14. Reinsurance Company shall be a company implementing Reinsurance Business.
15. Sharia Reinsurance Company shall be a company implementing Sharia Reinsurance Business.
16. Insurance Broker Company shall be a company implementing consultancy and/or intermediary service business in insurance coverage, sharia insurance coverage, guarantee, sharia guarantee, as well as the handling of its claim settlement by acting for and on behalf of policy holder, the insured, participant, or guarantee recipient.
17. Reinsurance Broker Company shall be a company implementing consultancy and/or intermediary service business in reinsurance placement or sharia reinsurance placement as well as the handling of its claim settlement by acting for and on behalf of Insurance Company, Sharia

Insurance Company, guarantee company, sharia guarantee company, Reinsurance Company, or Sharia Reinsurance Company performing reinsurance or sharia reinsurance placement.

18. Ceding Company shall be:
 - a. General Insurance Company transferring some of its risks to Reinsurance Company or other General Insurance Company;
 - b. Sharia General Insurance Company transferring some of its risks to Sharia Reinsurance Company, sharia unit of Reinsurance Company, other Sharia General Insurance Company, or sharia unit of General Insurance Company;
 - c. sharia unit of General Insurance Company transferring some of its risks to Sharia Reinsurance Company, sharia unit of Reinsurance Company, Sharia General Insurance Company or sharia unit of other General Insurance Company;
 - d. Life Insurance Company transferring some of its risks to Reinsurance Company;
 - e. Sharia Life Insurance Company transferring some of its risks to Sharia Reinsurance Company or sharia unit of Reinsurance Company;
 - f. sharia unit of Life Insurance Company transferring some of its risks to Sharia Reinsurance Company or sharia unit of Reinsurance Company;
 - g. guarantee company transferring some of its risks to Reinsurance Company; or
 - h. sharia guarantee company or sharia unit of guarantee company transferring some of its risks to Sharia Reinsurance Company or sharia unit of Reinsurance Company.
19. Sharia Principles shall be the principle of Islamic law in insurance activities based on edict issued by agency having the authority in the stipulation of edict in the sharia sector.
20. Sharia Unit shall be a work unit at the head office of Insurance Company or Reinsurance Company having the function of main office of offices outside the head office conducting business based on Sharia Principles.
21. Investment-Linked Insurance Product hereinafter referred to as PAYDI shall be insurance product providing at least protection against the risk of death and providing benefit which shall refer to investment yield of a pool of fund specifically formed for insurance product, whether expressed in the form of unit or non-unit.
22. Credit Insurance shall be a General Insurance Business line providing insurance for the risk of failure to fulfil debtor's financial obligation to creditor in accordance with credit agreement.

23. Sharia Financing Insurance shall be a Sharia General Insurance Business line providing management of risk of failure to fulfil debtor's financial obligation to creditor in accordance with sharia financing agreement.
24. Suretyship shall be a General Insurance Business line providing guarantee of the principal's ability to fulfil its obligation in accordance with principal agreement between principal and obligee.
25. Sharia Suretyship shall be a Sharia General Insurance Business line providing guarantee of the principal's ability to fulfil its obligation in accordance with principal agreement between principal and obligee.
26. Premium shall be a sum of money stipulated by Insurance Company or Reinsurance Company and agreed by policy holder to be paid based on insurance agreement or reinsurance agreement, or a sum of money stipulated based on the provisions of laws and regulations underlying mandatory insurance program to receive benefit.
27. Contribution shall be a sum of money stipulated by Sharia Insurance Company or Sharia Reinsurance Company and agreed by policy holder to be paid based on sharia insurance agreement or sharia reinsurance agreement to receive benefit of *tabarru'* fund and/or participant investment fund and to pay management fee or a sum of money stipulated based on the provisions of laws and regulations underlying mandatory insurance program to receive benefit.
28. Insurance Agent shall be a person working independently or working at a business entity, acting for and on behalf of Insurance Company or Sharia Insurance Company and fulfilling the requirements to represent Insurance Company or Sharia Insurance Company to market insurance product or sharia insurance product.
29. *Tabarru'* Fund shall be a pool of fund originating from Contribution of participants, the utilization mechanism of which shall be in accordance with sharia insurance agreement or sharia reinsurance agreement.
30. *Tanahud* Fund shall be a pool of fund originating from Contribution of *tanahud*, investment yield of *tanahud* fund, *qardh* from company fund to *tanahud* fund, and/or *tanahud* fund from reinsurer, the use of which shall be in accordance with *tanahud* grant contract.
31. *Tanahud* Grant Contract shall be a grant contract of a sum of fund from participant individually to participant collectively to form *Tanahud* Fund.
32. Participant Investment Fund shall be investment fund originating from Contribution of policy holder or participant in sharia insurance product providing benefit in the form of payment of fund, the amount of which shall be based on fund management result.
33. Contract shall be a written agreement setting out certain consent, along with rights and obligations of the parties in accordance with Sharia Principles.
34. *Tabarru'* Contract shall be a grant Contract in the form of provision of fund from one participant to *Tabarru'* Fund for the purpose of helping each other

among participants, which is not commercial in nature and has no commercial objective.

35. *Tijarah* Contract shall be a Contract between participant collectively or individually and Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit with commercial objective.
36. *Wakalah bil Ujrah* Contract shall be *Tijarah* Contract granting authority to Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit as the representative of participant to manage *Tabarru'* Fund, *Tanahud* Fund, and/or Participant Investment Fund, in accordance with the power or authority granted, with compensation in the form of *ujrah* (fee).
37. *Kafalah bil Ujrah* Contract shall be a Contract in the form of guarantee provided by guarantor (*kafil*) to a third party to fulfil the obligation of the second party or the guaranteed party (*makful 'anhu, ashil*) by charging service fee.
38. *Mudharabah* Contract shall be *Tijarah* Contract granting authority to Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit as *mudharib* (fund manager) to manage the investment of *Tabarru'* Fund, *Tanahud* Fund, and/or Participant Investment Fund, in accordance with the power or authority granted, with compensation in the form of profit sharing (*nisbah*) the amount of which has been previously agreed.
39. *Mudharabah Musytarakah* Contract shall be *Tijarah* Contract granting authority to Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit as *mudharib* (fund manager) to manage the investment of *Tabarru'* Fund, *Tanahud* Fund, and/or Participant Investment Fund, combined with the assets of Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit, in accordance with the power or authority granted, with compensation in the form of profit sharing (*nisbah*) the amount of which shall be determined based on composition of combined assets and has been previously agreed.
40. Mandatory Insurance Program shall be a program required by laws and regulations for all or certain groups of community, in order to receive protection from certain risks, not including program required by Law to provide basic protection to community by using cross-subsidy mechanism in the stipulation of benefit and Premium or Contribution.
41. Electronic System shall be a series of electronic devices and procedures having the function of preparing, collecting, processing, analyzing, storing, displaying, announcing, sending, and/or distributing electronic information.
42. Information Technology hereinafter referred to as IT shall be a method for collecting, preparing, storing, processing, announcing, analyzing, and/or distributing information.
43. Digital Insurance Service shall be insurance business or sharia insurance business implementation service provided by Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company through utilization of IT by using electronic media to provide access to prospective policy holder, the insured, or participant related to insurance product or

sharia insurance product coverage, which may be performed directly by policy holder, the insured, or participant.

44. Financial Services Authority hereinafter referred to as OJK shall be an independent state agency having regulatory, supervisory, inspective, and investigative function, duty, and authority as referred to in the Law on OJK.
2. Between Article 3 and Article 4, 2 (two) articles shall be inserted, namely Article 3A and Article 3B so as to read as follows:

Article 3A

- (1) Business scope for the Company as regulated in Article 2 and Article 3 must be implemented in accordance with the type of insurance business line in accordance with business sector and the principles of implementation of general insurance or life insurance business.
- (2) Provisions on insurance business line as referred to in paragraph (1) shall be stipulated by OJK.

Article 3B

- (1) Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company conducting health insurance business line must fulfill certain criteria.
 - (2) Health insurance business line as referred to in paragraph (1) must be implemented by applying prudential principle and adequate risk management.
 - (3) Provisions on certain criteria as referred to in paragraph (1), application of prudential principle, and adequate risk management as referred to in paragraph (2) shall be stipulated by OJK.
3. The provisions of Article 4 shall be amended so as to read as follows:

Article 4

Business scope of Insurance Company or Sharia Insurance Company may be expanded in accordance with community needs with the provisions as follows:

- a. General Insurance Company may only perform business scope extension in the following:
 1. PAYDI business activity;
 2. Credit Insurance business activity;
 3. Suretyship business activity;
 4. fee-based business activity; and/or
 5. other business activities based on assignment by the government, which has existed at the time of promulgation of this Regulation of OJK.

- b. Sharia General Insurance Company and Sharia Unit of General Insurance Company may only perform business expansion in the following:
1. PAYDI business activity;
 2. Sharia Financing Insurance;
 3. Sharia Suretyship business activity;
 4. fee-based business activity; and/or
 5. other business activities based on assignment by the government, which has existed at the time of promulgation of this Regulation of OJK.
- c. Life Insurance Company, Sharia Life Insurance Company, and Sharia Unit of Life Insurance Company may only perform business expansion in fee-based business activity;
- d. fee-based business activity as referred to in sub-article a sub-sub-article 4, sub-article b sub-sub-article 4, and sub-article c may only be performed in:
1. administrative service only (ASO) in the context of employee benefit;
 2. marketing of product of financial service institution which has obtained a license from OJK and is not an insurance or reinsurance product; and
 3. cooperation under one ownership.
4. The provisions of Article 5 shall be added with 1 (one) paragraph, namely paragraph (3) so as to read as follows:

Article 5

- (1) Business scope expansion plan to be performed by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company must be included in business plan of Insurance Company or Sharia Insurance Company.
 - (2) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company which will perform business scope expansion as referred to in Article 4 shall be obligated to first obtain approval from OJK.
 - (3) Obligation to obtain approval as referred to in paragraph (2) for administrative service only (ASO) business activity in the context of employee benefit as referred to in Article 4 sub-article d sub-sub-article 1 shall be performed when Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company performs such business activity for the first time.
5. The provisions of Article 6 shall be amended so as to read as follows:

Article 6

- (1) To obtain approval for business scope expansion as referred to in Article 5 paragraph (2), Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company must comply with the provisions as follows:
 - a. minimum solvency level as referred to in Regulation of OJK on financial soundness of Insurance Companies and Reinsurance Companies and Regulation of OJK on financial soundness of Insurance Companies and Reinsurance Companies operating under sharia principles;
 - b. not being imposed administrative sanction in the form of limitation of some of business activities or all of business activities; and
 - c. having soundness level with composite rating of at least 2 (two) as regulated in Regulation of OJK on soundness level of non-bank financial service institutions.
 - (2) In addition to the provisions as referred to in paragraph (1), Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company performing business scope expansion in PAYDI, Credit Insurance / Sharia Financing Insurance and Suretyship or Sharia Suretyship business activities must fulfill criteria and requirements as regulated in:
 - a. Regulation of OJK on insurance products and marketing channel of insurance products; and
 - b. Regulation of OJK on insurance products linked to credit or sharia financing and Suretyship or Sharia Suretyship products,and its implementing regulation.
 - (3) General Insurance Company and Sharia General Insurance Company performing business scope expansion in guarantee based on assignment by the government as referred to in Article 4 sub-article a sub-sub-article 5 and sub-article b sub-sub-article 5, shall be obligated to establish a guarantee business unit.
 - (4) Guarantee business unit as referred to in paragraph (3) must comply with the provisions on institutional requirements, prudential principle, and adequate risk management, which shall be further regulated by OJK.
6. Between Article 6 and Article 7, 1 (one) article shall be inserted, namely Article 6A so as to read as follows:

Article 6A

- (1) General Insurance Company, Sharia General Insurance Company, and Sharia Unit of General Insurance Company may perform business scope expansion in the form of Credit Insurance as referred to in Article 4 sub-article a sub-sub-article 2 and Sharia Financing Insurance as referred to in Article 4 sub-article b sub-sub-article 2 for the following:

- a. credit/sharia financing disbursement transaction; or
 - b. trade transaction.
 - (2) General Insurance Company, Sharia General Insurance Company, and Sharia Unit of General Insurance Company conducting business activity of Credit Insurance or Sharia Financing Insurance for credit / sharia financing disbursement transaction as referred to in paragraph (1) sub-paragraph a, shall be obligated to ensure quality of credit / sharia financing in current conduction at the time of insurance product coverage.
 - (3) General Insurance Company, Sharia General Insurance Company, and Sharia Unit of General Insurance Company conducting business activity of Credit Insurance or Sharia Financing Insurance for trade transaction as referred to in paragraph (1) sub-paragraph b, shall be obligated to stipulate risk insured by the seller or supplier of at least 10% (ten percent) of trade transaction value.
7. Article 7 shall be deleted.
8. The provisions of paragraph (3) and paragraph (4) of Article 8 shall be amended, and between sub-paragraph b and sub-paragraph c of paragraph (1), 1 (one) sub-paragraph shall be inserted, namely sub-paragraph b1, so that Article 8 shall read as follows:

Article 8

- (1) In addition to complying with the provisions as referred to in Article 6, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company performing business scope expansion in fee-based business activity shall be obligated to comply with the provisions as follows:
 - a. having employee assigned to implement fee-based business activity, who has participated in special education and training in the field of product to be marketed, at the head office, office outside the head office, and/or other location conducting fee-based business activity;
 - b. having person in charge of fee-based business activity at the head office, office outside the head office, and/or other location conducting fee-based business activity;
 - b1. having adequate facilities and infrastructure; and
 - c. having cooperation agreement in writing.
- (2) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company performing business scope expansion in fee-based business activity and failing to comply with the provisions as referred to in paragraph (1) and/or in Article 6 shall be obligated to discontinue fee-based business activity.

- (3) In the event that Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company are imposed administrative sanction in the form of limitation of business activity, Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company shall be obligated to discontinue fee-based business activity until revocation of administrative sanction in the form of limitation of business activity.
- (4) Administrative sanction in the form of limitation of business activity as referred to in paragraph (3) shall not cancel obligation of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company based on contract which has been agreed until the contract has expired and cannot be extended.
9. The provisions of paragraph (1) and paragraph (2) of Article 10 shall be amended and added with 1 (one) paragraph, namely paragraph (3) so that Article 10 shall read as follows:

Article 10

- (1) To obtain approval for the expansion of fee-based business scope as referred to in Article 4 sub-article d, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company must submit an application to OJK by attaching the following:
- specimen of cooperation contract;
 - policy and procedure for fee-based business activity;
 - proof of having resources capable of supporting business activity; and
 - proof of having adequate infrastructure.
- (2) OJK shall grant approval or rejection of the application for expansion of fee-based business scope within 20 (twenty) business days upon receipt of the complete application.
- (3) Application for approval of expansion of fee-based business scope shall be submitted to OJK electronically through data communication network system of OJK.
10. The provisions of Article 13 shall be deleted.
11. The title of Part One of Chapter III shall be amended so as to read as follows:

Part One Agency, Broker, and Business Conduct

12. The provisions of Article 14 shall be deleted.
13. The provisions of Article 15 shall be deleted.
14. The provisions of paragraph (1), paragraph (2), and paragraph (3) of Article 16 shall be amended, and between paragraph (2) and paragraph (3), 1 (one)

paragraph shall be inserted, namely paragraph (2a) so that Article 16 shall read as follows:

Article 16

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company using Insurance Agent shall be obligated to ensure that Insurance Agent:
 - a. having valid agency certificate in accordance with its field of business from professional certification agency registered with OJK;
 - b. registered with OJK;
 - c. having agency agreement with Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company;
 - d. not using other Insurance Agent's name in insurance policy coverage for their own interest or not providing access for the use of the relevant Insurance Agent's name for insurance policy coverage, in the event that such insurance product is marketed by other Insurance Agent;
 - e. complying with code of ethics stipulated by association and the provisions of laws and regulations in the insurance sector; and
 - f. not using strategic policy nomenclature in agency structure.
- (2) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company using Insurance Agent shall have at least the obligations as follows:
 - a. to report its Insurance Agent to association in accordance with its business sector;
 - b. to enter into a written agreement with Insurance Agent marketing its insurance product stating at least the following:
 1. code of ethics stipulated by association in accordance with its business sector in agency agreement;
 2. obligation of Insurance Agent to comply with code of ethics or similar code stipulated by association of Insurance Company or Sharia Insurance Company in accordance with its business sector along with sanction imposed for every violation committed by Insurance Agent;
 3. delivery period of Premium or Contribution to Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company, in the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company grants the authority to Insurance Agent to receive Premium or Contribution;

- c. to have and apply internal control procedure to ensure all conducts of Insurance Agent in every insurance product marketing and/or insurance policy coverage have been in compliance with the following:
 - 1. the provisions of laws and regulation;
 - 2. code of ethics stipulated by association in accordance with business activity of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company; and
 - 3. internal regulation of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.
 - (2a) Internal control procedure as referred to in paragraph (2) sub-paragraph c must set out at least the following:
 - a. criteria of Insurance Agent;
 - b. Insurance Agent selection process;
 - c. risk management process in agency relationship with Insurance Agent; and
 - d. procedure for terminating agency with Insurance Agent, including mechanism for deletion of data of policy holder, the insured, or participant obtained or managed.
 - (3) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company uses Insurance Agent as referred to in paragraph (1), such Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to take full responsibility for the consequence arising from insurance coverage performed by the relevant Insurance Agent.
15. The provisions of paragraph (1) and paragraph (3) of Article 17 shall be amended, and added with 1 (one) paragraph, namely paragraph (4) so that Article 17 shall read as follows:

Article 17

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from entering into an agreement with Insurance Agent who is still bound to an agency agreement with other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company having similar business field and the same business implementation principles.
- (2) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company enters into an agreement with Insurance Agent who is an Insurance Agent still cooperating with other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company having similar business field and the same business implementation principles, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to

ensure that such Insurance Agent has obtained approval from Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company where such Insurance Agent previously worked.

- (3) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company enters into an agreement with Insurance Agent who has moved from other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company having similar business field and the same business implementation principles, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to ensure that the Insurance Agent:
- a. has settled all obligations to the previous Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company; and
 - b. does not perform twisting in the form of action persuading and/or influencing policy holder, the insured, or participant to change specification of existing insurance policy or replace existing insurance policy with a new insurance policy with other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company, and/or purchase active insurance policy with other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.
- (4) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company enters into an agreement with Insurance Agent who has moved from other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company having similar business field and the same business implementation principles, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from performing closing of insurance product having insurance period of more than 1 (one) year for policy holder, the insured, or participant owned by Insurance Agent from previous Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company with period of less than 1 (one) year.

16. The provisions of Article 18 shall be amended so as to read as follows:

Article 18

Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company using Insurance Agent in marketing its product shall be obligated to ensure that in the activity of insurance product marketing, Insurance Agent has taken at least the actions as follows:

- a. submitting identity as authorized representative of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company by showing proof of registration from OJK and valid agency license for Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company they represent;
- b. submitting information on insurance product offered and important information related to terms and conditions of insurance policy in a correct, accurate, and clear manner which is not potentially misleading to policy

holder, the insured, or participant in every insurance policy coverage in accordance with insurance product being marketed by referring to the provisions of Regulation of OJK on consumer protection in the financial services sector;

- c. informing policy holder, the insured, or participant about acceptance or rejection of insurance coverage letter from Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company to policy holder, the insured, or participant within 5 (five) business days upon decision on acceptance or rejection of insurance;
 - d. informing documents required for the submission of insurance coverage application form;
 - e. requesting documents required for the submission of application form and other documents required by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company for insurance coverage; and
 - f. ensuring that policy holder, the insured, or participant has filled in all forms of insurance coverage application letter completely in accordance with the submitted documents.
17. The provision of sub-article a of Article 19 shall be amended, and 1 (one) sub-article shall be added, namely sub-article c so as to read as follows:

Article 19

In the event that Insurance Agent ceases to become an Insurance Agent of an Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company, such Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall have the obligations as follows:

- a. to notify policy holder, the insured, or participant making insurance coverage through such Insurance Agent;
 - b. to provide information on replacement Insurance Agent or customer service officer; and
 - c. to notify the association.
18. Between Article 22 and Article 23, 1 (one) article shall be inserted, namely Article 22A so as to read as follows:

Article 22A

- (1) In conducting business activity, the Company shall be obligated to apply business conduct which complies with standards for ethical business practices.
- (2) Association shall prepare standards for ethical business practices in code of ethics.
- (3) Association shall perform monitoring and supervision of code of ethics as referred to in paragraph (2).

- (4) Association shall report violation of code of ethics as referred to in paragraph (2) to OJK.

19. The provisions of Article 27 shall be amended so as to read as follows:

Article 27

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company may grant approval to Insurance Agent through agency agreement or other internal regulation to receive Premium or Contribution payment from policy holder, the insured, or participant.
- (2) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to ensure that Insurance Agent:
- a. has provided proof of receipt of Premium or Contribution payment to policy holder, the insured, or participant, in the event that Insurance Agent receives Premium or Contribution payment; and
 - b. does not retain Premium or Contribution in accordance with internal regulation of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.

20. The provisions of paragraph (1) of Article 37 shall be amended, so as to read as follows:

Article 37

- (1) The Company or Sharia Unit shall be prohibited from performing the following:
- a. taking an action which may delay claim settlement or payment; and
 - b. taking an action which should not have been taken and therefore causing delay in claim settlement or payment.
- (2) The Company or Sharia Unit may appoint an insurance loss adjuster company to make appraisal of submitted claim.
- (3) In the event that the Company or Sharia Unit uses insurance loss adjuster company as referred to in paragraph (2), the Company or Sharia Unit shall be prohibited from waiving the result of loss adjustment without basing it on a strong argument.

21. The provisions of Article 40 shall be amended so as to read as follows:

Article 40

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to settle claim payment in accordance with the following:
- a. claim or benefit payment period stipulated in insurance policy; or

- b. within 30 (thirty) days from:
 - 1. agreement between policy holder, the insured, or participant and Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company; or
 - 2. certainty about the amount of claim which must be paid,
 whichever is shorter.
 - (2) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company is obligated to pay claim based on decision of relevant alternative dispute settlement agency, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to pay such claim within 30 (thirty) days upon stipulation of decision or as otherwise decided in the decision of relevant alternative dispute settlement agency.
 - (3) In the event that claim settlement process has been delegated to court, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to pay claim within 30 (thirty) days upon decision on claim payment which has obtained permanent legal force (*in kracht*) or as otherwise decided in court decision.
 - (4) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from making claim payment through Insurance Broker Company except upon written approval from policy holder, the insured, or participant.
22. Between Article 40 and Article 41, 1 (one) article shall be inserted, namely Article 40A so as to read as follows:

Article 40A

- (1) In facultative reinsurance support agreement, Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company shall be obligated to settle claim payment in accordance with the following:
 - a. claim or benefit payment period stipulated in reinsurance agreement / sharia reinsurance agreement; or
 - b. within 30 (thirty) days from:
 - 1. agreement between Ceding Company and Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company; or
 - 2. certainty about the amount of claim which must be paid,
 whichever is shorter.
- (2) In automatic reinsurance support agreement, Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company shall be obligated to settle claim payment in accordance with claim or

benefit payment period stipulated in automatic reinsurance support agreement.

- (3) In the event that Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company is obligated to pay claim based on decision of relevant alternative dispute settlement agency, Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company shall be obligated to pay such claim within 30 (thirty) days upon stipulation of decision or as otherwise decided in decision of relevant alternative dispute settlement agency.
 - (4) In the event that claim settlement process has been delegated to court, Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company shall be obligated to pay claim within 30 (thirty) days upon decision on claim payment which has obtained permanent legal force (*in kracht*) or otherwise decided in court decision.
 - (5) Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company shall be prohibited from making claim payment through Reinsurance Broker Company except upon written approval from Ceding Company.
23. The provision of paragraph (2) sub-paragraph c of Article 44 shall be amended and paragraph (2) sub-paragraph b shall be deleted, so that Article 44 shall read as follows:

Article 44

- (1) Actuary of the Company or Sharia Unit shall have the duty and responsibility as follows:
 - a. ensuring quality of statistical data of the Company or Sharia Unit;
 - b. performing evaluation of financial soundness level and capital adequacy of the Company or Sharia Unit;
 - c. designing insurance product including determining Premium tariff and profitability of such insurance product;
 - d. performing calculation of technical reserves of the Company or Sharia Unit;
 - e. participating in the implementation of risk management at the Company or Sharia Unit;
 - f. performing evaluation of actuarial aspect in reinsurance process at the Company or Sharia Unit;
 - g. preparing estimated capacity of the Company or Sharia Unit to fulfill future obligations; and
 - h. other duties and responsibilities stipulated by the Company or Sharia Unit.
- (2) Actuary of the Company or Sharia Unit shall have the authority as follows:

- a. signing actuary report of the Company or Sharia Unit;
 - b. deleted;
 - c. signing document of application for approval and reporting of insurance product; and
 - d. other authorities stipulated by the Company or Sharia Unit.
- (3) In implementing its duty, actuary of the Company or Sharia Unit shall be obligated to refer to code of ethics and code of conduct prepared by professional association in Indonesia.
24. The title of Part Seven of Chapter III shall be deleted.
25. The provisions of Article 45 shall be deleted.
26. The provisions of Article 46 shall be deleted.
27. The provisions of Article 50 shall be deleted.
28. The provisions of Article 51 shall be deleted.
29. Between Chapter III and Chapter IV, 1 (one) chapter shall be inserted, namely Chapter IIIA so as to read as follows:

CHAPTER IIIA IMPLEMENTATION OF DIGITAL INSURANCE SERVICE

30. Between Article 52 and Article 53, 7 (seven) articles shall be inserted, namely Article 52A, Article 52B, Article 52C, Article 52D, Article 52E, Article 52F, and Article 52G so as to read as follows:

Article 52A

- (1) The scope of Digital Insurance Service shall be insurance product coverage, of which the whole process is performed:
- a. digitally; and
 - b. without face-to-face meeting with policy holder, the insured, or participant.
- (2) Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company implementing Digital Insurance Service may perform development of digital insurance product, digital stipulation of risk selection (underwriting), and digital claim handling.
- (3) Provisions on criteria of insurance product which may be implemented through Digital Insurance Service as referred to in paragraph (1) shall be stipulated by OJK.

Article 52B

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from implementing Digital Insurance Service prior to obtaining approval from OJK.
- (2) The implementation of Digital Insurance Service performed by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company must first be included in business plan of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.
- (3) To obtain approval from OJK as referred to in paragraph (1), Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall submit application documents to OJK at least as follows:
 - a. organizational structure setting out function or work unit in charge of the implementation of Digital Insurance Service;
 - b. proof of having human resources with experience of at least 3 (three) years and expertise in the field of IT;
 - c. policy and procedure for Digital Insurance Service to be implemented;
 - d. proof of ownership, possession, and control of Electronic System used in the implementation of Digital Insurance Service;
 - e. proof of readiness of risk management implementation, including the result of risk analysis and risk control;
 - f. list of cooperation agreements made in Digital Insurance Service; and
 - g. Digital Insurance Service implementation plan for the period up to the next 3 (three) years, setting out at least the following:
 1. business strategy, including target and target realization measures;
 2. development of IT infrastructure; and
 3. human resource and organizational development.
- (4) OJK shall grant approval or rejection for application for the implementation of Digital Insurance Service within 20 (twenty) business days upon receipt of the complete application.

Article 52C

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company which has obtained approval for the implementation of Digital Insurance Service shall be obligated to submit application for registration as Electronic System operator to the competent authority within 30 (thirty) days from the date of issuance of approval from OJK.

- (2) A copy of application for registration as Electronic System operator as referred to in paragraph (1) shall be sent to OJK at the same time as submission to the competent authority.
- (3) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from implementing Digital Insurance Service prior to registration as Electronic System operator with the competent authority.
- (4) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to submit copy of registration certificate as Electronic System operator from the competent authority to OJK within 7 (seven) days from the date of registration certificate as Electronic System operator.
- (5) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to implement Digital Insurance Service within 30 (thirty) days upon registration as Electronic System operator from the competent authority.
- (6) In the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company:
 - a. fails to comply with the provision of paragraph (5); or
 - b. fails to obtain registration certificate as Electronic System operator within a period of 60 (sixty) days upon issuance of approval from OJK,

OJK shall cancel approval for Digital Insurance Service which has been issued to Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.

- (7) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to comply with all provisions required by the competent authority in the context of Electronic System operation.

Article 52D

- (1) In the implementation of Digital Insurance Service, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be obligated to use Electronic System owned, possessed, and controlled by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.
- (2) Electronic System used in Digital Insurance Service must be registered in accordance with the provisions of laws and regulations.
- (3) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to perform Electronic System development to ensure reliability of Electronic System.

- (4) Electronic System used in Digital Insurance Service must set out at least the following:
- a. name of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company;
 - b. terms and conditions of the use of Digital Insurance Service;
 - c. summary of information on insurance product or sharia insurance product marketed by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company through Digital Insurance Service;
 - d. information on consumer service media; and
 - e. information that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company is licensed and under supervision of OJK.
- (5) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to provide media of communication for policy holder, the insured, or participant.

Article 52E

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to comply with the provisions on IT risk management as regulated in Regulation of OJK on implementation of IT risk management for non-bank financial service institutions.
- (2) In the implementation of risk management for the implementation of Digital Insurance Service, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to form a unit or function having the duty of handling the implementation of Digital Insurance Service.
- (3) The unit or function handling the implementation of Digital Insurance Service as referred to in paragraph (2) shall have the duty at least as follows:
- a. assisting the board of directors and board of commissioners, or the equivalent thereof in the planning, implementation, and monitoring of IT operation in Digital Insurance Service;
 - b. supporting IT development and/or procurement in Digital Insurance Service;
 - c. taking the responsibility for implementation of cooperation with third party in the implementation of Digital Insurance Service;
 - d. taking the responsibility for financial transaction data of Digital Insurance Service;

- e. taking the responsibility for constraints and issues arising from the implementation of Digital Insurance Service; and
- f. implementing other duties related to the implementation of Digital Insurance Service.

Article 52F

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to have human resources having experience of at least 3 (three) years and expertise in the field of IT.
- (2) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service shall be obligated to ensure that human resources as referred to in paragraph (1) shall be:
 - a. an official at the lowest 1 (one) level below the board of directors or the equivalent thereof supervising IT function; or
 - b. person in charge of the unit or function having the duty of handling the implementation of Digital Insurance Service as referred to in Article 52E paragraph (2).

Article 52G

- (1) Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company implementing Digital Insurance Service may establish cooperation with other party for the implementation of some functions in the form as follows:
 - a. cooperation with payment service provider, for Premium or Contribution payment to Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company;
 - b. cooperation with IT provider; and/or
 - c. cooperation with other party in improving the quality of operations and/or services of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.
- (2) In the implementation of cooperation as referred to in paragraph (1) subparagraph b, Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company shall be prohibited from performing the following:
 - a. performing outsourcing of Digital Insurance Service to other party; and
 - b. transferring data management of policy holder, the insured, or participant.

31. The provision of paragraph (3) of Article 54 shall be amended and between paragraph (2) and paragraph (3), 1 (one) paragraph shall be inserted, namely paragraph (2a), so that Article 54 shall read as follows:

Article 54

- (1) Sharia insurance policy and sharia reinsurance agreement must contain *Tabarru'* Contract and *Tijarah* Contract.
- (2) Sharia annuity policy for pension program must contain *Tanahud* Grant Contract and *Tijarah* Contract.
- (2a) Sharia Suretyship policy must contain *Kafalah bil Ujah* Contract.
- (3) *Tijarah* Contract as referred to in paragraph (1) and paragraph (2) may be in the form of *Wakalah bil Ujah* Contract, *Mudharabah* Contract, *Mudharabah Musytarakah* Contract, and/or *Kafalah bil Ujah* Contract.
- (4) The use of one of the *Tijarah* Contracts as referred to in paragraph (3) must be performed consistently until expiration of sharia insurance policy.
- (5) In the event that amendment to *Tijarah* Contract has been agreed, the use of the new *Tijarah* Contract may only be applied to new sharia insurance policies.
- (6) In the event that amendment to *Tijarah* Contract as referred to in paragraph (5) occurs for investment management of *Tabarru'* Fund or *Tanahud* Fund, Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit shall be obligated to separate *Tabarru'* Fund or *Tanahud* Fund managed based on the existing *Tijarah* Contract from *Tabarru'* Fund or *Tanahud* Fund managed based on the new *Tijarah* Contract.
- (7) Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit may use *Tijarah* Contract in the context of investment management of *Tabarru'* Fund or *Tanahud* Fund which is different from *Tijarah* Contract in the context of other activities.
- (8) Based on *Wakalah bil Ujah* Contract, *Mudharabah* Contract, and *Mudharabah Musytarakah* Contract, Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit shall be obligated to bear all losses incurred in risk management activities and/or investment management activities due to intentional mistake, omission, or default committed by Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit.

32. The provisions of Article 55 shall be amended so as to read as follows:

Article 55

- (1) Sharia Insurance Company, Sharia Reinsurance Company, or Sharia Unit may use Contract other than those referred to in Article 54 paragraph (1), paragraph (2), and paragraph (2a) in the implementation of Sharia Insurance Business or Sharia Reinsurance Business.

- (2) The use of Contract as referred to in paragraph (1) must be performed based on edict or statement of compliance with sharia principles issued by agency having authority in the stipulation of edict in the field of sharia.
33. Between Article 57 and Article 58, 1 (one) article shall be inserted, namely Article 57A so as to read as follows:

Article 57A

- (1) *Kafalah bil Ujrah* Contract shall be used in Sharia Suretyship activity.
- (2) *Kafalah bil Ujrah* Contract must set out at least the following:
- a. object / activity being guaranteed;
 - b. rights and obligations of policy holder or participant as guaranteed party (*makful 'anhu, ashil*);
 - c. rights and obligations of the Company as guarantor (*kafil*); and
 - d. amount, method, and time of deduction of *ujrah* (fee).
34. The title of CHAPTER V shall be amended so as to read as follows:

CHAPTER V
ASSIGNMENT OF INSURANCE PORTFOLIO

35. Between Article 59 and Article 60, 1 (one) article shall be inserted, namely Article 59A so as to read as follows:

Article 59A

- (1) Assignment of insurance portfolio shall be performed based on the following:
- a. initiative of the Company and Sharia Unit in the implementation of business plan; or
 - b. instruction from OJK.
- (2) Assignment of insurance portfolio as referred to in paragraph (1) shall be performed by transferring all assets and liabilities of insurance portfolio being transferred.
36. The provisions of paragraph (1), paragraph (2), paragraph (3), paragraph (5), and paragraph (6) of Article 60 shall be amended, and between paragraph (2) and paragraph (3), 1 (one) paragraph shall be inserted, namely paragraph (2a), so that Article 60 shall read as follows:

Article 60

- (1) Assignment of insurance portfolio by the Company or Sharia Unit must first obtain approval from OJK.

- (2) Assignment of insurance portfolio as referred to in paragraph (1) must fulfill the requirements as follows:
- a. not reducing the rights of policy holder, the insured, participant, or Ceding Company;
 - b. performed to a Company or Sharia Unit having similar business field and the same business implementation principles;
 - c. performed to a Company or Sharia Unit already having similar product or similar type of reinsurance agreement; and
 - d. not causing the Company or Sharia Unit receiving such assignment to violate the provisions of laws and regulations in the insurance sector.
- (2a) Application for approval as referred to in paragraph (1) shall be submitted by the Company or Sharia Unit to OJK by attaching documents as follows:
- a. statement of financial position before the assignment;
 - b. approval letter for the assignment of rights and obligations from the Company or Sharia Unit receiving assignment;
 - c. inventory taking of insurance / participation portfolio being assigned; and/or
 - d. details of assets and liabilities of portfolio to be assigned.
- (3) OJK shall provide approval or rejection letter for the assignment of portfolio as referred to in paragraph (1) within 30 (thirty) business days upon receipt of the complete application letter and OJK deems that no direct inspection is necessary.
- (4) In the event that OJK deems that direct inspection is necessary related to such assignment of portfolio, OJK will deliver a notification of direct inspection within 14 (fourteen) business days upon receipt of application letter of approval for the assignment of portfolio by OJK.
- (5) In the event that OJK performs direct inspection as referred to in paragraph (4), OJK shall provide approval or rejection letter for the assignment of portfolio within 14 (fourteen) business days upon stipulation of final direct inspection result report.
- (6) Upon obtaining approval as referred to in paragraph (1), the Company or Sharia Unit which will assign insurance portfolio shall be obligated to first perform the following:
- a. notifying policy holder, the insured, participant, or Ceding Company; and
 - b. announcing such assignment in electronic and/or printed Indonesian language mass media with national circulation and website of the Company or Sharia Unit,

within 10 (ten) business days from the date of approval letter for the assignment of portfolio.

- (7) Notification and announcement as referred to in paragraph (6) must set out at least the following:
- a. portfolio assignment rejection period;
 - b. consequences arising from portfolio assignment rejection; and
 - c. mechanism for the settlement of rights of policy holder, the insured, participant, or Ceding Company rejecting portfolio assignment.

37. The provisions of Article 62 shall be amended so as to read as follows:

Article 62

- (1) Refund of rights of policy holder, the insured, participant, or Ceding Company as referred to in Article 61 paragraph (2) shall be performed in accordance with the provisions of the respective insurance policy or reinsurance agreement / sharia reinsurance agreement.
- (2) In the event that insurance policy or reinsurance / sharia reinsurance agreement does not regulate cancellation or refund of rights of policy holder, participant, Ceding Company, and/or relevant party, cancellation or refund of rights shall be performed in accordance with generally accepted insurance practices or sharia insurance practices.
- (3) For Sharia Insurance Companies, generally accepted sharia insurance practices shall be performed in the event of termination of sharia insurance policy based on the following:
 - a. edict or statement of compliance with sharia principles issued by agency having authority in the stipulation of edict in the field of sharia; or
 - b. opinion from sharia supervisory board, in the event of no edict or statement of compliance with sharia principles as referred to in sub-paragraph a.

38. Elucidation to Article 63 shall be amended as stated in elucidation.

39. CHAPTER VIII shall be deleted.

40. The provisions of Article 72 shall be deleted.

41. The provisions of Article 73 shall be deleted.

42. The provisions of Article 76 shall be amended so as to read as follows:

Article 76

Every Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company individually or consortium implementing Mandatory Insurance Program as referred to in Article 75 paragraph (2) shall be obligated to

comply with Regulation of OJK on insurance products and marketing channel of insurance products.

43. Between CHAPTER IX and CHAPTER X, 1 (one) chapter shall be inserted, namely CHAPTER IXA so as to read as follows:

CHAPTER IXA
CONSUMER AND PUBLIC PROTECTION

44. Between Article 76 and Article 77, 1 (one) article shall be inserted, namely Article 76A so as to read as follows:

Article 76A

- (1) The Company or Sharia Unit shall apply the principles of consumer and public protection in business implementation in accordance with the provisions of laws and regulations on consumer protection in the financial service sector.
- (2) Mechanism and procedure for the application of principles of consumer and public protection as referred to in paragraph (1) shall be implemented in accordance with Regulation of OJK on consumer and public protection in the financial service sector and relevant Regulation of OJK in the field of consumer protection in the financial service sector.

45. The provisions of Article 77 shall be amended so as to read as follows:

Article 77

- (1) Violation against the provisions as referred to in Article 2, Article 3, Article 3B paragraph (1) and paragraph (2), Article 4, Article 5 paragraph (1) and paragraph (2), Article 6 paragraph (3) and paragraph (4), Article 6A paragraph (2) and paragraph (3), Article 8 paragraph (1), paragraph (2), and paragraph (3), Article 9, Article 12, Article 16, Article 17, Article 18, Article 19, Article 20, Article 22A paragraph (1), Article 24, Article 25 paragraph (1), Article 26, Article 27 paragraph (2), Article 28, Article 29 paragraph (5), paragraph (6), and paragraph (7), Article 30, Article 31, Article 32, Article 33, Article 34, Article 35, Article 36, Article 37 paragraph (1) and paragraph (3), Article 38 paragraph (1) and paragraph (3), Article 39 paragraph (1), paragraph (2) and paragraph (3), Article 40, Article 40A, Article 41, Article 44 paragraph (3), Article 47, Article 48 paragraph (1) and paragraph (2), Article 49, Article 52B paragraph (1), Article 52C paragraph (1), paragraph (3), paragraph (4), paragraph (5), and paragraph (7), Article 52D, Article 52E paragraph (1) and paragraph (2), Article 52F, Article 52G paragraph (2), Article 53, Article 54 paragraph (1), paragraph (2), paragraph (2a), paragraph (4), paragraph (6), and paragraph (8), Article 55 paragraph (2), Article 56 paragraph (2) and paragraph (4), Article 57 paragraph (2), Article 57A paragraph (2), Article 58 paragraph (2), Article 59 paragraph (2), Article 60 paragraph (1), paragraph (6) and paragraph (7), Article 61, Article 63, Article 65 paragraph (2), Article 66 paragraph (1), paragraph (4), and paragraph (5), Article 67 paragraph (3), paragraph (5), paragraph (6), and paragraph (7), Article 68, Article 69, Article 71 paragraph (1), paragraph (2), paragraph (3), paragraph (5), paragraph (6), and paragraph (7), Article 75 paragraph (1), and Article 76 shall be imposed administrative sanction in the form as follows:

- a. written reprimand;
 - b. downgrade of soundness level;
 - c. limitation of business activities, for some or all business activities;
 - d. prohibition from marketing insurance products or sharia insurance products for certain business lines; and/or
 - e. prohibition from becoming shareholder, controller, board of directors, board of commissioners, or the equivalent of shareholder, controller, board of directors, and board of commissioners, or from occupying executive position below the board of directors, or the equivalent of executive position below the board of directors, at an insurance company.
- (2) Violation against the provisions as referred to in Article 10, Article 16 paragraph (1), Article 52B paragraph (1), and Article 60 paragraph (1), shall be imposed additional administrative sanction in the form of administrative penalty in the amount of Rp100,000,000.00 (one hundred million rupiah).
- (3) Violation against the provisions as referred to in Article 63 paragraph (2), shall be imposed additional administrative sanction in the form of administrative penalty in the amount of Rp500,000.00 (five hundred thousand rupiah) per day of lateness, maximum in the amount of Rp100,000,000.00 (one hundred million rupiah).
- (4) In the event of violation against the provisions as referred to in paragraph (1), and the violation has been rectified, OJK shall impose the sanction of written reprimand which shall be automatically terminated.
- (5) In the event that violation against the provisions as referred to in paragraph (1) has been rectified, OJK shall revoke the sanction of written reprimand.
46. Between Article 77 and Article 78, 1 (one) article shall be inserted, namely Article 77A so as to read as follows:

Article 77A

In addition to imposing administrative sanction as referred to in Article 77 paragraph (1), OJK shall have the authority to perform reassessment of main parties of the Company.

47. Between CHAPTER XI and CHAPTER XII, 1 (one) chapter shall be inserted, namely CHAPTER XIA so as to read as follows:

CHAPTER XIA MISCELLANEOUS PROVISIONS

48. Between Article 79 and Article 80, 1 (one) article shall be inserted, namely Article 79A so as to read as follows:

Article 79A

OJK, based on certain consideration, may grant different approval or policy from this Regulation of OJK.

Article II

1. Administrative sanction which has been imposed by OJK under Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies shall be declared to remain applicable.
2. Violation against Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies, found upon the coming into effect of this Regulation of OJK shall continue to be imposed administrative sanction based on the provisions of Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies.
3. A Company being imposed administrative sanction under Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies and is unable to overcome the cause of imposition of administrative sanction, shall be imposed further administrative sanction in accordance with this Regulation of OJK.
4. Business scope expansion in the form of other business activities by General Insurance Company and Sharia General Insurance Company based on assignment from the government as referred to in Article 4 sub-article a sub-sub-article 5 and sub-article b sub-sub-article 5, may only be performed until 31 December 2030.
5. Obligation to form guarantee business unit as referred to in Article 6 paragraph (3) shall be implemented within 6 (six) months upon the coming into effect of this Regulation of OJK.
6. Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company which has implemented Digital Insurance Service prior to the coming into effect of this Regulation of OJK, must adjust to the provisions of Article 52A up to and including Article 52G within a period of maximum 6 (six) months upon the coming into effect of this Regulation of OJK.
7. The provisions as referred to in Article 6A paragraph (3) shall come into effect upon promulgation of this Regulation of OJK.
8. This Regulation of OJK shall come into effect 6 (six) months from the date of its promulgation.

For public cognizance, hereby ordering the promulgation of this Regulation of the Financial Services Authority by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On 20 December 2024

THE CHAIRPERSON OF THE BOARD OF COMMISSIONERS OF
THE FINANCIAL SERVICES AUTHORITY OF THE REPUBLIC OF INDONESIA,

Signed

MAHENDRA SIREGAR

Promulgated in Jakarta
On 23 December 2024

THE MINISTER OF LAW OF THE REPUBLIC OF INDONESIA,

Signed

SUPRATMAN ANDI AGTAS

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2024 NUMBER 48/OJK

ELUCIDATION
TO
REGULATION OF THE FINANCIAL SERVICES AUTHORITY OF
THE REPUBLIC OF INDONESIA
NUMBER 36 YEAR 2024
REGARDING
AMENDMENT TO REGULATION OF THE FINANCIAL SERVICES AUTHORITY
NUMBER 69/POJK.05/2016 REGARDING BUSINESS IMPLEMENTATION OF
INSURANCE COMPANIES, SHARIA INSURANCE COMPANIES, REINSURANCE
COMPANIES, AND SHARIA REINSURANCE COMPANIES

I. GENERAL

Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector provide the basis and foundation for the strengthening in the financial service sector including in the insurance industry. Some strengthening of regulations in the insurance sector shall be, among other things, related to business scope expansion, the conduct of Insurance Agent, as well as claim and complaint handling settlement through a fast, simple, easily accessible, and fair process in the context of strengthening of consumer protection aspect. The strengthening of regulations is expected to support and create sound insurance industry ecosystem and increase the level of public trust in the insurance industry.

Fulfillment of the mandate of Article 5 paragraph (5) of Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector related to strengthening of regulation on business scope expansion has been regulated in several Regulations of OJK namely, among other things, Regulation of OJK Number 20/POJK.05/2023 regarding Insurance Products Linked to Credit or Sharia Financing and Suretyship or Sharia Suretyship Products as well as Regulation of OJK Number 8/POJK.05/2024 regarding Insurance Products and Marketing Channels of Insurance Products. With the stipulation of both Regulations of OJK, regulation related to business scope expansion as provided for in Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies,

Reinsurance Companies, and Sharia Reinsurance Companies need to be synchronized.

Furthermore, as fulfillment of the mandate of Article 28 paragraph (9) and Article 31 paragraph (5) of Law Number 4 Year 2023 regarding Development and Strengthening of Financial Sector, it is necessary to enhance regulation related to the conduct of Insurance Agent and claim handling process in the context of strengthening of protection of policy holder. This serves as a manifestation of balance in fulfillment of the function and duty of OJK as prudential supervisor of insurance industry and consumer protection in the financial service sector. This enhancement of regulations is expected to increase public trust in Indonesia's insurance industry.

On the other hand, as an impact of technological development in the financial service sector, the use of IT in the implementation of digital insurance business has become a necessity and ease for industrial players. Such implementation of digital insurance business may increase effectiveness and efficiency of operational and business activities as well as quality of service to policy holder, the insured, or participant. More comprehensive regulation of digital insurance service in this Regulation of OJK is expected to provide legal certainty, to industrial players as well as to policy holder, the insured, or participant.

In addition to that, currently existing regulation related to mechanism for the assignment of insurance portfolio is deemed not comprehensive enough and unable to cope with current condition of the insurance industry. As an effort to provide legal certainty in the event of liquidation, strengthening of the aspects of consumer protection and going concern to the Company receiving portfolio assignment, it is necessary to adjust regulation on mechanism for the assignment of insurance portfolio.

This Regulation of OJK shall constitute an enhancement to Regulation of OJK Number 69/POJK.05/2016 regarding Business Implementation of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies. Enhancement which has been made shall be, among other things, related to business scope expansion, conduct of Insurance Agent, claim handling, implementation of digital insurance business, application of sharia principles, and mechanism for the assignment of insurance portfolio.

II. ARTICLE BY ARTICLE

Article I

Sub-article 1

Article 1

Self-explanatory.

Sub-article 2

Article 3A

Paragraph (1)

Insurance business lines shall include the following:

- a. General Insurance Business line;
- b. Life Insurance Business line;
- c. Sharia General Insurance Business line;
and
- d. Sharia Life Insurance Business line.

Paragraph (2)

Self-explanatory.

Article 3B

Self-explanatory.

Sub-article 3

Article 4

Sub-article a

Sub-sub-article 1

Self-explanatory.

Sub-sub-article 2

Self-explanatory.

Sub-sub-article 3

Self-explanatory.

Sub-sub-article 4

“Fee-based business activity” shall refer to business activity for marketing financial service products, among other things, mutual fund or other products which are the products of financial service institution which has obtained a license from OJK.

Sub-sub-article 5

Example of other business activities based on assignment from the government shall be assignment for the guarantee of people's business credit (KUR).

Sub-article b

Self-explanatory.

Sub-article c

Self-explanatory.

Sub-article d

Sub-sub-article 1

“Administrative service only (ASO) in the context of employee benefit” shall refer to provision of service by Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company in the management of health facility or pension program of a company for its employees.

Sub-sub-article 2

Marketing of product of financial service institution shall be, among other things, performing the sale of mutual fund securities based on cooperation contract with investment manager managing mutual fund.

Sub-sub-article 3

Cooperation under one ownership shall be implemented in accordance with Regulation of OJK on business licensing and institution of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies.

Sub-article 4

Article 5

Self-explanatory.

Sub-article 5

Article 6

Self-explanatory.

Sub-article 6

Article 6A

Paragraph (1)

Self-explanatory.

Paragraph (2)

At the time of Credit Insurance or Sharia Financing Insurance product coverage, General Insurance Company, Sharia General Insurance Company, and Sharia Unit of General Insurance Company shall perform analysis to ensure that the credit / sharia financing to be insured has credit / sharia financing quality of current in accordance with the provisions of laws and regulations in the field of banking, financing service business, microfinance institution, or other fund providers.

Paragraph (3)

“Trade transaction value” shall refer to trade receivables balance at the time of occurrence of claim.

Sub-article 7

Article 7

Deleted.

Sub-article 8

Article 8

Paragraph (1)

Sub-paragraph a

“Employee assigned to implement fee-based business activity” shall refer to employee of Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company, and/or marketing staff (agent of company) who have attended special education and training in the field of product to be marketed and have proof of participation, certificate, and/or license, unless otherwise regulated in laws and regulations governing product to be marketed.

Sub-paragraph b

Self-explanatory.

Sub-paragraph b1

Having adequate facilities and infrastructure shall be, among other things, having sufficient number of human resources,

standard operating procedures, as well as adequate information and recording system.

Sub-paragraph c

Self-explanatory.

Paragraph (2)

Discontinuing fee-based business activity shall be, among other things, as follows:

- a. for administrative service only (ASO): not entering into new agreement or extending agreement which has expired; and
- b. for the sale of mutual fund securities based on cooperation contract with investment manager managing mutual fund: discontinuing the marketing of mutual fund product.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Sub-article 9

Article 10

Self-explanatory.

Sub-article 10

Article 13

Deleted.

Sub-article 11

Self-explanatory.

Sub-article 12

Article 14

Deleted.

Sub-article 13

Article 15

Deleted.

Sub-article 14

Article 16

Paragraph (1)

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

Self-explanatory.

Sub-paragraph c

Self-explanatory.

Sub-paragraph d

The practice of entering into an agreement with other Insurance Agent or using other Insurance Agent's name shall be referred to as proxy agent practice.

Example: General Insurance Company A has entered into an agency agreement with Insurance Agent X, and General Insurance Company B has entered into an agency agreement with Insurance Agent Y. However, in the practice, the marketing of insurance product in General Insurance Company A is performed by Insurance Agent Y and at the time of coverage, using the name of Insurance Agent X, based on an agreement between Insurance Agent X and Insurance Agent Y. Commission for such insurance product coverage from General Insurance Company A shall belong to Insurance Agent Y.

Sub-paragraph e

Self-explanatory.

Sub-paragraph f

Using strategic policy nomenclature in agency structure shall be, among other things, stating the position of director of Insurance Agent (director of agent) in agency structure or other nomenclature

which may cause ambiguity with position at such Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company.

Paragraph (2)

Self-explanatory.

Paragraph (2a)

Sub-paragraph a

Criteria which need to be fulfilled by Insurance Agent shall be, among other things, minimum requirements which need to be fulfilled such as experience at certain level of position as well as minimum length of experience, certification, and training.

Sub-paragraph b

Self-explanatory.

Sub-paragraph c

Risk management process in agency relationship shall include, among other things, the aspects of anti-fraud strategy and protection of policy holder, the insured, or participant.

Risk management process for the aspect of protection of policy holder, the insured, or participant shall include the processes as follows:

1. security of data confidentiality of policy holder, the insured, or participant, the coverage of which is processed by Insurance Agent;
2. submission of information which is correct, accurate, clear, and not misleading in every insurance policy coverage;
3. receipt of Premium or Contribution in every insurance policy coverage in the event that Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company grants approval to Insurance Agent for receiving Premium or Contribution; and

4. closing of insurance policy for policy holder, the insured, or participant owned by Insurance Agent from previous Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company with a period of less than 1 (one) year.

Sub-paragraph d

Self-explanatory.

Paragraph (3)

Self-explanatory.

Sub-article 15

Article 17

Paragraph (1)

“Other Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company having similar business field and the same business implementation principles” shall refer to the following:

- a. between Sharia General Insurance Company and other Sharia General Insurance Company or Sharia Unit of General Insurance Company;
- b. between Sharia Life Insurance Company and Sharia Life Insurance Company or Sharia Unit of Life Insurance Company;
- c. between General Insurance Company and General Insurance Company; or
- d. between Life Insurance Company and Life Insurance Company.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Sub-paragraph a

The application of this provision, among other things, may be performed through the following:

1. statement from Insurance Agent that Insurance Agent has settled all obligations related to the closing of insurance policy with the previous insurance;
2. clearance letter or confirmation letter from Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company where Insurance Agent previously worked; and/or
3. cooperation agreement between Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company and Insurance Agent stating that Insurance Agent has settled all obligations at the previous pada Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.

Sub-paragraph b

The application of this provision, among other things, may be performed through the following:

1. statement from Insurance Agent that Insurance Agent will not perform twisting; and/or
2. cooperation agreement with Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company and Insurance Agent stating that Insurance Agent will not perform twisting and that Insurance Company, Sharia Insurance Company, and Sharia Unit of Insurance Company shall perform monitoring of such cooperation agreement.

Paragraph (4)

“Performing closing of insurance product for policy holder, the insured, or participant owned by

Insurance Agent from previous Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company” shall refer to that such closing of insurance product shall be performed by Insurance Agent upon approval from Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.

Sub-article 16

Article 18

Sub-article a

Self-explanatory.

Sub-article b

The scope of information on insurance product shall be, among other things, as follows:

- a. benefit;
- b. requirements and documents for claim submission;
- c. risks insured and excluded;
- d. amount and method of Premium or Contribution payment; and
- e. costs charged to policy holder, the insured, or participant.

Important information, among other things as follows:

- a. conditions for insurance to be cancelled; and
- b. lapse condition and recovery.

Sub-article c

Acceptance or rejection of insurance may be performed through other electronic or non-electronic communication media.

Sub-article d

Self-explanatory.

Sub-article e

Self-explanatory.

Sub-article f

Self-explanatory.

Sub-article 17

Article 19

Sub-article a

Notification may be made through communication facilities, among other things, as follows:

1. notification letter;
2. short message service;
3. instant messaging service application;
4. electronic mail; or
5. website.

Sub-article b

Self-explanatory.

Sub-article c

Notification to association shall have the objective of mitigating the risk of occurrence of the practices of poaching (raiding of Insurance Agent) and/or twisting (switching of insurance policy).

Sub-article 18

Article 22A

Paragraph (1)

Self-explanatory.

Paragraph (2)

Standards for ethical business practices shall regulate, among other things, the following:

1. practice of twisting;
2. practice of poaching which causes unfair competition; and/or
3. unfair provision of commission.

“Poaching” shall refer to the practice of raiding Insurance Agent from one company to other company without any time interval.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Sub-article 19

Article 27

Paragraph (1)

“Granting approval” shall refer to providing a restriction that Insurance Agent may only receive Premium or Contribution payment from policy holder, the insured, or participant upon obtaining approval from Insurance Company, Sharia Insurance Company, or Sharia Unit of Insurance Company.

Paragraph (2)

Self-explanatory.

Sub-article 20

Article 37

Paragraph (1)

Sub-paragraph a

Claim payment shall include claim recovery by Reinsurance Company to Ceding Company.

Taking an action which may delay claim settlement or payment shall be, among other things as follows:

- a. prolonging claim settlement and payment process by requesting delivery of certain document, followed by requesting delivery of other document with basically identical content. In the event that the other document with basically identical content is requested by other interested party in insurance product coverage, such as hospital

or police, it shall not be deemed as an action which may delay claim settlement or payment;

- b. postponing claim settlement and payment due to waiting for claim settlement and/or payment from Reinsurance Company;
- c. postponing claim settlement and payment for the reason of connection with claim settlement of other insurance object in 1 (one) insurance policy. Examples of other insurance object in 1 (one) insurance policy shall be as follows:
 - 1. in a fire insurance policy, there are 3 (three) risk objects insured, namely fire in warehouse, inventory, and business interruption; or
 - 2. in the event of disagreement or indication of fraud in the submission of claim for one of the risk objects, the Company shall continue to process claim settlement for the other 2 (two) risk objects with no indication of such fraud or the other 2 (two) risk objects which have been in compliance with insurance policy;
- d. delaying the appointment of insurance loss adjuster company, in the event that the service of insurance loss adjuster company is required in claim settlement process; and
- e. applying claim settlement procedure not in accordance with generally acceptable insurance business practices.

Sub-paragraph b

Taking an action which should not have been taken, among other things as follows:

- a. performing additional claim settlement procedure not stated in

insurance policy, not including additional procedure performed for the purpose of investigation in the event of any indication of fraud, for example, the Company appoints surveyor or insurance loss adjuster company when the main cause of risk insured has been fulfilled or can already be proven;

- b. conducting investigation without any prior request for information and/or document of claim completeness from policy holder, the insured, or participant submitting the claim. Request for information and/or document of claim completeness shall include confirmation of chronology of incidence being insured and all claim documents; and
- c. filing a lawsuit to the court prior to striving for dispute settlement through consultation and consensus with policy holder, the insured, or participant submitting the claim.

Paragraph (2)

“Insurance loss adjuster company” shall refer to a company conducting business activity of claim appraisal service and/or consultation service for insurance object.

Paragraph (3)

Self-explanatory.

Sub-article 21

Article 40

Paragraph (1)

Settlement of claim payment shall include payment for all services related to claim settlement process, among other things, payment of insurance loss adjustment service and claim survey service.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

“Written approval” shall refer to statement or power of attorney from policy holder, the insured, or participant to insurance broker.

Sub-article 22

Article 40A

Paragraph (1)

“Settlement of claim payment” shall refer to settlement of claim recovery payment to Ceding Company, including payment for all services related to settlement of claim process falling under expenses of Reinsurance Company, Sharia Reinsurance Company, or Sharia Unit of Reinsurance Company, such as payment of insurance loss adjustment service and claim survey service.

Paragraph (2)

Document used in claim settlement in automatic reinsurance shall use statement of account (SOA) document containing the value of off-set between Premium or Contribution payment obligation by Ceding Company and claim recovery right from Reinsurance Company.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Sub-article 23

Article 44

Self-explanatory.

Sub-article 24

Deleted.

Sub-article 25

Article 45

Deleted.

Sub-article 26

Article 46

Deleted.

Sub-article 27

Article 50

Deleted.

Sub-article 28

Article 51

Deleted.

Sub-article 29

Self-explanatory.

Sub-article 30

Article 52A

Paragraph (1)

Examples of Digital Insurance Service shall be as follows:

1. Insurance Company A sells motor vehicle insurance product through the Company's website, in which the process of product selection, Premium payment, and electronic policy (e-policy) receipt is performed digitally.
2. Insurance Company A sells motor vehicle insurance product through e-commerce connected real-time to the Company's system through application program interface (API).

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

“Without face-to-face meeting” shall refer to no meeting, whether onsite or online.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 52B

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

“Expertise in the field of IT” shall refer to expertise and experience in the development and management of database, network, Electronic System security, and programming.

Example of proof of having expertise shall be by having certification.

Sub-paragraph c

Self-explanatory.

Sub-paragraph d

Proof of ownership, possession, and control of Electronic System shall be, among other things, proof of ownership of website or application.

Sub-paragraph e

Self-explanatory.

Sub-paragraph f

Self-explanatory.

Sub-paragraph g

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 52C

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Compliance with all provisions required by the competent authority shall include the use of electronic signature in the implementation of Digital Insurance Service in accordance with the provisions of laws and regulations.

Article 52D

Paragraph (1)

“Owned” shall refer to that Electronic System is owned by the Company independently and/or in cooperation with IT service provider for the interest of the Company.

“Possessed” shall refer to ability to develop, change, and delete Electronic System.

Paragraph (2)

Self-explanatory.

Paragraph (3)

“Electronic System development” shall include Electronic System maintenance.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Communication media being used shall be, among other things, electronic mail, call center, and chatbot.

Article 52E

Paragraph (1)

Self-explanatory.

Paragraph (2)

Unit or function having the duty of handling the implementation of Digital Insurance Service may be concurrently served by other unit or function in accordance with the scale and complexity of the company's business to the extent not causing conflict of interest.

Paragraph (3)

Self-explanatory.

Article 52F

Paragraph (1)

See elucidation to Article 52B paragraph (3) sub-paragraph b.

Paragraph (2)

Sub-paragraph a

“An official at the lowest 1 (one) level below the board of directors or the equivalent thereof supervising IT function shall refer to

executive officer as referred to in Regulation of OJK on business licensing and institution of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies, supervising IT function.

Sub-paragraph b

Self-explanatory.

Article 52G

Paragraph (1)

Sub-paragraph a

Example: cooperation between Insurance Company and payment service company.

Sub-paragraph b

Cooperation with IT provider shall be, among other things, the Company establishes cooperation with other party in the context of provision of IT in the form of website and/or mobile application owned by the Company.

Sub-paragraph c

Cooperation with other party shall be, among other things, with e-commerce and travel website / application.

Paragraph (2)

Sub-paragraph a

Example of outsourcing of Digital Insurance Service to other party shall be as follows:

1. IT provider independently operates website in the activity of insurance or sharia insurance product coverage; and/or
2. The Company has no control over such website.

Sub-paragraph b

Example of transferring data management of prospective policy holder, the insured, or participant shall be as follows:

1. The Company has no real-time access to data of prospective policy holder, the insured, or participant from the website in the activity of insurance or sharia insurance product coverage; and/or
2. database of prospective policy holder, the insured, or participant from the website in the activity of insurance or sharia insurance product coverage is stored in a network managed by IT provider.

Sub-article 31

Article 54

Self-explanatory.

Sub-article 32

Article 55

Self-explanatory.

Sub-article 33

Article 57A

Self-explanatory.

Sub-article 34

Self-explanatory.

Sub-article 35

Article 59A

Paragraph (1)

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

Instruction of OJK may be given by taken into consideration the result of evaluation by OJK of the Company's condition, among other things:

1. the Company does not have adequate human resources;
2. the Company does not have adequate infrastructure in portfolio management; and
3. the Company does not apply adequate risk management on portfolio management,

which may cause potential material and/or significant losses on the Company's financial condition or rights of policy holder, the insured, or participant, and/or have negative impact on financial system stability.

Paragraph (2)

Assignment of all assets and liabilities shall be performed based on agreement between the Company assigning insurance portfolio and the Company receiving assignment of insurance portfolio by taking into consideration reinsurance support.

Sub-article 36

Article 60

Paragraph (1)

Self-explanatory.

Paragraph (2)

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

See elucidation to Article 17 paragraph (1).

Sub-paragraph c

Self-explanatory.

Sub-paragraph d

Self-explanatory.

Paragraph (2a)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Sub-article 37

Article 62

Self-explanatory.

Sub-article 38

Article 63

Paragraph (1)

Self-explanatory.

Paragraph (2)

Report on the result of implementation of insurance portfolio assignment shall set out, among other things, agreement / deed / official report of assignment signed by the Company or Sharia Unit which performs and receives assignment, stating at least the following:

- a. summary of data of portfolio being assigned;
- b. summary of assets and liabilities;
- c. rights and obligations of the parties in connection with assignment;
- d. treatment of claim settlement, in the event of any claim on risk which occurred before assignment but is only reported after assignment; and

- e. proof of notification to policy holder.

Sub-article 39

Deleted.

Sub-article 40

Article 72

Deleted.

Sub-article 41

Article 73

Deleted.

Sub-article 42

Article 76

Self-explanatory.

Sub-article 43

Self-explanatory.

Sub-article 44

Article 76A

Self-explanatory.

Sub-article 45

Article 77

Self-explanatory.

Sub-article 46

Article 77A

Self-explanatory.

Sub-article 47

Self-explanatory.

Sub-article 48

Article 79A

Different approval or policy shall have the purpose, among other things, as follows:

- a. to support national policy;
- b. to safeguard public interest;
- c. to maintain industrial growth; and/or
- d. to maintain fair business competition.

Conditions requiring certain consideration shall be, among other things, due to extraordinary event which may cause a significant increase in sickness and death and also have an impact on economic and social aspects, therefore requiring attention and handling by all relevant parties and regulated in other provisions based on consideration in facing the probability of extraordinary event.

Article II

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 116/OJK

Note

Source: LOOSE LEAF REGULATIONS OF THE CHAIRPERSON OF THE BOARD
OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY
YEAR 2024