

PRESS RELEASE

OJK ISSUES REGULATION ON INSURANCE PRODUCT AND INSURANCE PRODUCT MARKETING CHANNELS

Jakarta, June 5, 2024. Indonesia Financial Services Authority (OJK) issued Financial Services Authority Regulation (POJK) Number 8 of 2024 on Insurance Product and Insurance Product Marketing Channel (POJK 8 of 2024) to create a strong, sustainable, and innovative insurance industry. The regulation supports and makes it easier for insurance business actors in conducting their business.

The issuance of POJK 8 of 2024 is a follow-up to the mandate in Law Number 4 of 2023 on Financial Sector Development and Strengthening, which requires the need of legal base strengthening in the governance, and good insurance product operation to the POJK Number 23/POJK.05/2015 on Insurance Products and Insurance Products Marketing (POJK 23 of 2015).

OJK expects through POJK 8 of 2024, the simplification of insurance product approval process, insurance policy digital uses and well-implemented careful contribution/premium calculation governance for more widely beneficial insurance product provision to the public. These efforts ultimately aim to raise the insurance industry's healthy competitiveness within the global market as a product in the financial services sector.

Several matters that are stipulated in the POJK 8 of 2024 are:

1. Strengthening of regulatory substances on PAYDI provision, which was previously stipulated in OJK Circular Letter (SEOJK).
2. Simplifying the mechanism for approving and reporting insurance products.
3. Strengthening of regulations on digital provision of insurance products
4. Adding regulations for fulfilling sharia principles in every implementation of insurance products.
5. Strengthening the governance of insurance product implementation, especially in contribution/premium calculation through:
 - 1) Structured and detailed plan in insurance products development and marketing prior to the marketing process, as implied in the company's business plan;
 - 2) Insurance product review planning and testing in insurance product development;
 - 3) Strengthening of duties, roles, and responsibilities of the insurance product development committee, the company's actuary, and all management of the related companies.

The process of drafting POJK 8 of 2024 has involved stakeholders and took into account inputs from insurance companies proportionately. Moreover, POJK 8 of 2024 also provides transitional period for 6 months after the POJK is promulgated.

Therefore, POJK 8 of 2024 will be effective starting on October 29, 2024. Insurance business actors are expected to prepare in an adequate time for the effective and beneficial implementation of the POJK for insurance industry development.

OJK expects the issuance of POJK 8 of 2024 as the refinement of POJK 23 of 2015 will massively and positively impact insurance industry development in creating strong and healthy insurance industry ecosystem

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