

**FINANCIAL SERVICES AUTHORITY  
OF THE REPUBLIC OF INDONESIA**

**COPY**

**REGULATION OF THE FINANCIAL SERVICES AUTHORITY**

**NUMBER 23/PFSA.05/2015**

**CONCERNING**

**INSURANCE PRODUCT AND INSURANCE PRODUCT DISTRIBUTION**

**BY THE GRACE OF GOD ALMIGHTY**

**BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES**

**AUTHORITY,**

- Consider
- a. that the more diverse and complex of insurance products and distribution of insurance products may increase the risks faced by insurance company and policyholders, insured, or participants;
  - b. that the implementation of good corporate governance (GCG), adequate risk management, and healthy insurance prLawice in insurance companies as well as the empowerment of the policyholder,

the insured, or the participant needs to be improved so that the associated risks of insurance products and the distribution of insurance products can be well managed;

- c. that in order to improve access to low income households to insurance products required regulation and supervision that can support the development of micro-insurance;
- d. based on the considerations referred to paragraphs a, b and c, it is required to stipulate Regulation of the Financial Services Authority on Insurance Products and Insurance Products Distribution;

- In view of :
- a. Law Number 21 Year 2011 on the Financial Services Authority (State Gazette of the Republic of Indonesia Year 2011 Number 111, Appendix Number 5253);
  - b. Law Number 40 of 2014 on Insurance (State Gazette of the Republic of Indonesia Year 2014 Number 337, Appendix Number 5618);

## **DECIDED**

To stipulate: REGULATION OF THE FINANCIAL SERVICES AUTHORITY  
CONCERNING INSURANCE PRODUCT AND INSURANCE  
PRODUCT DISTRIBUTION

## **CHAPTER 1**

### **GENERAL PROVISIONS**

#### Article 1

In this Regulation of the Financial Services Authority:

1. Insurance Product are:
  - a. A program that promises protection against one (1) or more types of risks that can be insured arising out of an event which is not bound with reimburse to the policyholder, the insured, or the participant for damages, losses, costs incurred, loss of profits, or responsibility law to third parties which may be suffered by the policyholder, the insured, or the participant, or the provision of a guarantee fulfillment of the obligations guaranteed party to the other party if the guaranteed party can not meet its obligations;
  - b. a program that promises protection against one (1) or more types of risk associated with the death of an insured person, life and death of an insured person, or life insurance annuities;
  - c. a program that promises protection against one (1) or more types of risk associated with the state of one's physical health or deterioration health condition of an insured person; and / or
  - d. a program that promises protection against one (1) or more types of risks with a compensation or payment to the policyholder, the insured, or the participants or other parties who are entitled in the event of an accident.
2. The Insurance Products that Linked with Investment hereinafter referred as PAYDI is an Insurance Products that provides at least protection against the risk of death and provide benefits that refers to the investment results of the collection of funds specifically set up for a good insurance product that is expressed in the form of units and not units.

3. Joint Insurance Products are insurance products designed to be distributed and borne or managed the risks by 2 (two) or more insurance companies.
4. Standard Insurance Products are insurance products that meet the criteria as stipulated in this Financial Services Authority Regulation.
5. Micro Insurance Products are insurance products that are designed to provide protection against the financial risks encountered to low-income people.
6. Insurance Policy is the deed of the insurance agreement or other document that is equivalent to the deed of the insurance agreement, as well as other documents that constitute an inseparable unity with the insurance agreement, which is in writing and includes an agreement between the insurer and the policyholder.
7. Premium is the amount of money set by the insurer and approved by the policyholder to be paid based on the insurance agreement or the amount of money, established by the laws and regulations underlying the mandatory insurance program to obtain benefits.
8. Contribution is the amount of money set by the company and approved by the sharia insurance policyholders to be paid under the agreement to obtain benefits from the tabarru' funds and / or participants investment funds and to pay a management fee or a certain amount of money, established by the laws and regulations underlying the mandatory insurance program to obtain benefits.
9. The Company is the insurance companies and sharia insurance company referred to in Law Number 40 Year 2014 concerning Insurance.
10. General Insurance Company is a company that organizes general insurance business and / or general sharia insurance business as referred in Law Number 40 Year 2014 concerning Insurance.

11. Life Insurance Company is a company that organizes life insurance business and / or sharia life insurance business referred to in Law Number 40 Year 2014 concerning Insurance.
12. The Company Actuary is an appointed Actuary and the employees of the Company.
13. Bancassurance is a cooperation activity between the Company and the bank in order to distribute their insurance products through the bank.
14. Financial Services Authority hereinafter abbreviated as FSA, is Financial Services Authority as stipulated in the Law number 21 year 2011 on Financial Services Authority.

## **CHAPTER II**

### **INSURANCE PRODUCT**

#### Part One

#### Type and Criteria of Insurance Product

#### Article 2

Each insurance products should provide protection of at least 1 (one) type of risk that insurable.

#### Article 3

Insurance products must have:

- a. Premium or Contributions in accordance with the promised benefits, which are set at a level which is adequate, not excessive, and are not applied in a discriminatory manner; and

- b. Insurance Policy that does not contain the word, phrase, or sentence that may:
1. leads to different interpretations regarding the covered risks, the Company's liabilities and obligations of the policyholder, the insured, or participants; and / or
  2. complicates the policyholder, the insured, or the participants taking care of their rights.

#### Article 4

- 1) PAYDI should fulfill this criteria:
  - a. has the proportions of protection against the risk of death and the benefits associated with an investment;
  - b. has a certain insurance period; and
  - c. has a specific investment strategy.
- 2) Further provisions on the PAYDI as referred in paragraph (1) shall be regulated by FSA Circular Letter.

#### Article 5

- 1) Joint Insurance Products are designed to be distributed and incurred or managed through a cooperative mechanism between:
  - a. General Insurance Company and other General Insurance Company;
  - b. Life Insurance Company and Life Insurance Company more; or
  - c. General Insurance Company and Life Insurance Company.
- 2) Risk sharing between the General Insurance Company and Life Insurance Company in the Joint Insurance Products must be in accordance with the scope of the Company's General Insurance and Life Insurance Company.

- 3) Joint Insurance Products referred to in clause (1) does not include joint insurance conducted by two (2) or more similar company in the context of risk-spreading for the insured object that is a case by case basis.

#### Article 6

- 1) Joint Insurance Products as referred to in Article 5 clause (1) must be set forth in a written agreement.
- 2) The written agreement referred to in clause (1) shall at least contain these matters:
- a. membership structure, including the Company who became chairman (leader) who will coordinate the distribution activities of the Joint Insurance product
  - b. the task for chairman;
  - c. risk-sharing for each of the Company incorporated in distributed the Joint Insurance Product in accordance with the scope of business of each company;
  - d. procedure of Premium payment or Contributions by the policyholder;
  - e. underwriting procedures, admission procedures, and Premium forwarding or Contributions, as well as settlement procedure and the payment of claims; and
  - f. procedures of dispute resolution of the Company incorporated in the distribution of Joint Insurance Products.

#### Article 7

Standard Insurance Products must meet the criteria that have the same insurance policy with a standard Insurance Policy made by the insurance industry associations.

## Article 8

- 1) Micro Insurance Products must have these following characteristics:
  - a. simple;
  - b. easy;
  - c. economical;
  - d. immediately.
- 2) Further provisions on Micro Insurance Products referred to in clause (1) shall be regulated by FSA Circular Letter.

## Article 9

- 1) Insurance Products that can be distributed by General Insurance Company is a Insurance Products as referred to in Article 1 item 1 letter a, c, and d.
- 2) Insurance Products that can be distributed by Life Insurance Company is a Insurance Products as referred to in Article 1 paragraph 1 letters b, c, d, and the number 2.
- 3) Micro Insurance Products that can be distributed by Life Insurance Company is an Insurance Products referred to in clause (2), except for annuity life insurance and PAYDI.
- 4) Insurance Products that can be distributed by General Insurance Company as referred in clause (1) and / or Life Insurance Company as referred in clause (2), can be extended by following the expansion of the scope of the business of insurance.

## Article 10

- 1) Companies must provide a name for each Insurance Product distributed.



- 2) The name of Insurance Products distributed as referred in clause (1) shall meet the following requirements:
- a. using the word insurance or other words that convey the same;
  - b. not causing interpretations that the products are not Insurance Products; and
  - c. is in accordance with the name of Insurance Product at the time it was reported to FSA.
- 3) The name of Micro Insurance Products should use the phrase "micro-insurance" or other phrases that convey the same.

## PART TWO

### Insurance Policy

#### Article 11

The Insurance Policy as mentioned in Article 3 letter b must contain the conditions at least on:

- a. the promulgation of the coverage;
- b. description of the benefits based on the agreement;
- c. procedures for Premium payment or Contributions;
- d. grace period of Premium payments or Contributions;
- e. exchange rate used for The Insurance Policy with foreign currency if the payment for Premiums or contributions and benefits associated with rupiah currency;
- f. time recognized as a time of receipt of Premium payments or Contributions;

- g. Company policies set forth when Premium payments or Contributions carried past the agreed time limit;
- h. the period when the Company is unable to review the validity of the insurance contract (incontestable period) on long-term insurance products;
- i. cash value table, for insurance products that distributed by Life Insurance Company containing cash value;
- j. dividend calculation or similar for The Insurance Policy, the insurance product that distributed by Life Insurance Companies by promising dividends or similar The Insurance Policy;
- k. termination clause of coverage, both of the Company or of the policyholder, the insured, or the participants, including the condition and its cause;
- l. the terms and procedures for filing a claim, including supporting evidence that is relevant and necessary in filing a claim;
- m. procedures for settlement and claims payments;
- n. dispute resolution clauses which among other things include a mechanism for settlement in court and out of court and the choice of forum for the settlement of disputes; and
- o. language which is used as a reference in case of any dispute or difference of opinion, for the insurance policy printed in two (2) or more languages.

## Article 12

The Insurance Policy for Insurance Products with sharia principles, beside contain the conditions as referred to in Article 11, they must contain these following matters:

- a. the type of akad (covenant) used;
- b. rights, responsibilities, and authority of each party based on the principles agreed upon;
- c. the amount of Contributions allocated to the tabarru' fund, ujah, and investment funds;
- d. the amount, time, and payment terms for the investments in terms of Insurance Products using mudharabah or mudharabah musytarakah;
- e. allocation to use underwriting surplus for tabarru' funds, participants funds, and / or the Company funds; and
- f. granting qardh by the Company in terms of tabarru' funds is not enough to pay insurance benefits.

#### Article 13

The provisions referred to in Article 11 shall also apply to the Insurance Policy for Micro Insurance Products, except the letter e, letters i, j, and the letter n.

#### Article 14

The provisions referred in Article 11 and Article 12 shall also apply to the Insurance Policy for Micro Insurance Products with Sharia principles, except for Article 11 letter e, letters i, j, letter n, and Article 12 letter b.

#### Article 15

- 1) In addition to the provisions referred in Article 11 and Article 12, the Insurance Policy for Joint Insurance Products Joint shall contain the risks section to be borne by each of the Company incorporated in the distribution of Joint Insurance Products.

- 2) Insurance Policy for Joint Insurance Products issued by the Company was appointed as chairman of the Joint distribution of Insurance Products.
- 3) Insurance Policy for Joint Insurance Products must be signed by:
  - a. all of the Company incorporated in the Joint Insurance Product distribution; or
  - b. Companies that become chairman of distribution for Joint Insurance Products.
- 4) In terms of the Insurance Policy for the Joint Insurance Products was signed only by the Company which became the chairman in the distribution of Joint Insurance Products, written agreement referred to in Article 6 clause (1) and the Insurance Policy for Joint Insurance Products referred to in clause (1) shall contain a provision that the company is incorporated in the distribution of Joint Insurance Products tied to the appropriate risk portion of each company.

#### Article 16

- 1) Provisions on the exchange rate used for the Insurance Policy with foreign currencies as referred in Article 11 letter e, must be an equivalent exchange rate published by Bank Indonesia at the time of payment.
- 2) Exchange rate equivalent referred to in paragraph (1) shall produce the amount of foreign currency that should be accepted by the recipient of the payment if payment is made in foreign currency

#### Article 17

Company is prohibited to include a provision in the Insurance Policy may be interpreted:

- a. that the policyholder, the insured, or participants can not make legal effort so that the policyholder, the insured, or participant must accept the denial of payment of claims; and / or
- b. as a limitation for legal remedies for the parties in the event of a dispute regarding the provisions of the Insurance Policy.

#### Article 18

- 1) Provisions in the Insurance Policy, which regulates settlement of disputes, must contain dispute resolution outside the court and inside the court.
- 2) Provisions in the Insurance Policy which regulates settlement of disputes over insurance agreement which is done outside the court, must provide alternative dispute resolution through alternative dispute settlement institutions as stipulated in the laws and regulations regarding alternative dispute resolution institutions in the financial services sector.
- 3) Provisions in the Insurance Policy concerning settlement of disputes over insurance agreement inside the court must not limit the choice of court to be only the court of the first instance in where the Company domiciled.

#### Article 19

- 1) Insurance policies should be clearly written so that it can be easily read and understood by the policyholder, the insured, or the participants.
- 2) In case there Insurance Policy formulation which can be interpreted as:
  - a. exclusion or exemption causes of risks covered by the Insurance Policy;  
and/or

b. reduction, limitation, or exemption of company obligations,  
formulation part referred should be written or printed in bold or italics so the exclusion or limitation causes or risk reduction, limitation, or the liberation of the Company's obligations can easily notice.

#### Article 20

- 1) Each Insurance Policy issued and distributed in Indonesia's territories must be made in Indonesian language.
- 2) If necessary, the Insurance Policy can be issued in foreign languages or regional language alongside with the Indonesian language.

#### Article 21

- 1) Insurance Policy issued in the form of hardcopy or digital / electronic.
- 2) In terms of the Insurance Policy issued in the form of digital / electronic as referred to in clause (1), the Company must obtain the approval of the policyholder, the insured, or the participants.

#### Article 22

In terms distribution of Joint Insurance Products, the Company shall:

- 1) publish main Insurance Policy that lists the name of the insured or the insurance participants and the insurance period of each insured or insurance participants;  
and
- 2) issue a proof of membership for each insured / insurance participants.

#### Article 23

- 1) Each Standard Insurance Policy made by the insurance industry associations as referred to in Article 7, must be reported by the chairman of the insurance industry associations to obtain a letter of approval from FSA.
- 2) Standard Insurance Policy as mentioned in clause (1) must comply with the provisions of the Insurance Policy as set out in FSA's regulations.

#### Article 24

In any insurance coverage, the Insurance Policy must be in accordance with the specimens were reported by the Company or a Standard Insurance Policy those reported by the chairman of the insurance industry associations to the FSA.

#### Article 25

In the event that FSA considered that the provisions of the Insurance Policy or the Standard Insurance Policy contains a policy that can be detrimental to the policyholder, the insured, or the participant, or the Company, FSA may request the Company or the chairman of the insurance industry association to change the provisions of the Insurance Policy or the Standard Insurance Policy referred in accordance with the recommendation of FSA.

### PART THREE

#### Premium or Contribution

#### Article 26

- 1) Premium calculation or Contributions as defined in Article 3 letter should be based on reasonable assumptions and insurance prices that generally accepted.

- 2) The stipulation of Premium or Contribution of Insurance Products that distributed by General Insurance Company must be made by considering at least the following:
  - a. Premiums or pure Contributions as calculated based on the risk and loss profile type of insurance pertinent for at least 5 (five) years; and
  - b. acquisition costs, administrative costs and other general expenses.
- 3) The stipulation of Premium or Contributions of Insurance Product that distributed by Life Insurance Companies must be done by considering at least the following:
  - a. Premium or pure Contributions as calculated based on the risk profile, interest rate, mortality table, or table morbidity;
  - b. estimates of investment returns from Premium or Contributions; and
  - c. acquisition costs, administrative costs and other general expenses.

#### Article 27

- 1) Termination of insurance, either by the will of the Company nor policyholders, insured, or the participant, must be made by written notice.
- 2) In the event of termination of insurance in the insurance products that do not have an element of savings and / or investments, then the amount return of Premium or Contributions not less than the amount as calculated proportionally based on the remaining term of insurance, net of premiums or contributions have been paid to insurance brokers, insurance agents, and / or sales force.
- 3) In the event of termination of insurance in the Insurance Products that have an element of savings and / or investments, the Company must pay the least amount of:
  - a. the cash value or the accumulation of reserve funds for insurance products other than insurance products with Sharia principles; or



- b. the accumulation of investment fund from the participant for insurance products with Sharia principles, at the time of termination.

CHAPTER III  
APPROVALS AND LISTING  
INSURANCE PRODUCTS

Part One

Reporting Obligations

Article 28

- 1) Each new Insurance Product that will be distributed shall be reported to FSA to obtain a letter of approval or registration letter.
- 2) Criteria for new Insurance Products as mentioned in clause (1) are as follows:
  - a. Insurance Products that have not been distributed by the pertinent company; or
  - b. The insurance Product is an alteration products that have been, the alteration includes:
    - i. the risks covered include exclusion or exemption causes of the risks covered;
    - ii. Premium formulations or Contributions;
    - iii. changes in risk category;
    - iv. the assumptions related to the formation of Premium formulations or Contributions; and / or
    - v. methods of calculating the value of cash.
- 3) The new Insurance Product that needs be reported as referred in clause (1) shall be listed in the Company's business plan.

Article 29

- 1) The report of new Insurance Products as defined in Article 28 clause (1) should be conducted by the Company's directors or equivalent.
- 2) In terms of new Insurance Products were reported as referred in Article 28 paragraph (1) is a Joint Insurance Products, the report conducted by a board of directors or equivalent of the Company who was appointed to be the head of distribution Joint Insurance Products.

#### Article 30

- 1) The Company that who would report their new Insurance Product must :
  - a. comply with the provisions on financial soundness; and
  - b. not being subject to administrative sanctions.
- 2) The provisions referred in clause (1) shall not apply in the case of reporting of new Insurance Products:
  - a. replacement or improvement over the Insurance Products that have been distributed and is a part of the company restructuring plan that has been approved by FSA; or
  - b. one of the efforts in order to repeal administrative sanctions imposed since the Company has not reported the Insurance Products that has been distributed.
- 3) Besides the provisions referred in clause (1), for the Company that distributes credit Insurance Products and / or suretyship must comply with the requirements / other criteria set out in laws and regulations regarding the requirements / criteria of the credit insurance business and / or suretyship.

#### Part Two

#### Insurance Product Approval

## Article 31

An Insurance Product that must be reported to FSA to obtain a letter of approval as referred to in Article 28 clause (1) is a new Insurance Products other than Standard Insurance Products.

## Article 32

1) Reporting a new Insurance Product to obtain a letter of approval as referred to in Article 31, have to include these following documents:

- a. The new Insurance Products reporting form;
- b. Premium revenue projections or Contributions and expenses associated with the distribution of new Insurance Products for a period of 3 (three) years;
- c. the new Insurance Product description;
- d. specimen of Insurance Policy; and
- e. a statement from sharia supervisory board, specifically for Insurance Products with sharia principles.

2) Statement letter from sharia supervisory board as described in clause (1) letter e must state that the Insurance Products should conformity with sharia principles which reported at least includes these following:

- a. Insurance Policy;
- b. Insurance Product description;
- c. brochures or the distribution media;
- d. policy and wealth management procedures; and
- e. the accounting policy related to product that will be distributed.

## Article 33

In addition to the documents as intended in Article 32, in terms of the report Joint Insurance Products is:

- a. The new Insurance Product that has never been distributed by the company as referred in Article 28 clause (2) letter a, have to be completed with a document written agreement as mentioned in Article 6 clause (1).
- b. The new Insurance Product, which is an changes to Insurance Products that have been distributed as referred to in Article 28 clause (2) letter b, shall be provided with a letter of approval or Joint Insurance Product registration letter.

#### Article 34

- 1) In addition to the documents as mentioned in Article 32, for credit Insurance Products reports and / or suretyship have to be completed with other documents.
- 2) Provisions regarding other documents for credit Insurance Products reports and / or suretyship stipulated in the laws and regulations regarding the credit Insurance Products reports and / or suretyship.

#### Article 35

FSA provides a letter of approval on the new Insurance Products reports as referred in Article 31, maximum of 10 (ten) business days after the documents received were correct and complete.

#### Article 36

Insurance companies are prohibited from distributing the products as referred in Article 31 before obtaining the approval letter from FSA.

## Part Three

## Registration of Insurance Products

## Article 37

Insurance Products that should be reported to FSA to obtain a registration as referred in Article 28 paragraph (1), are as follows:

- a. The new Insurance Product in the form of Standard Insurance Products; and
- b. Insurance Products that have been distributed which undergone changes other than changes referred to in Article 28 clause (2) letter b with the following requirements:
  1. Such Insurance Products is intended to be distributed to insured individuals; or
  2. Such Insurance Product is intended to be distributed to other than insured individuals, which once had stopped being distributed.

## Article 38

- 1) The new Insurance Products reports in the form of Standard Insurance Products as referred in Article 37 letter a, must be include the following documents:
  - a. The new Insurance Products reporting form;
  - b. The new Insurance Products description; and
  - c. statement letter from sharia supervisory board regarding the suitability of Insurance Products reported with sharia principles, specifically for the Standard Insurance Products with sharia principles.

- 2) Statement letter from sharia supervisory board as described in clause (1) letter c, shall include at least:
- a. Insurance Policy;
  - b. Insurance Product description;
  - c. brochures or the distribution media;
  - d. policy and wealth management procedures; and
  - e. the accounting policy related to product that will be distributed.

#### Article 39

The changes in the insurance products report as mentioned in Article 37 letter b, must include these following documents:

- a. the form of report about the changes in Insurance Products;
- b. the approval letter or a registration letter of the insurance products before the changes;
- c. Insurance Products description;
- d. comparison matrix of Insurance product before and after the change; and
- e. Insurance Policy specimens after the changes, specifically for the Insurance Products other than Standard Insurance Products.

#### Article 40

- 1) Standard Insurance Product reports as referred in Article 37 letter a is a Joint Insurance Products, in addition to the documents referred in Article 38, must also be completed with at written agreement document as mentioned in Article 6 paragraph (1).

- 2) Report of changes of Insurance Products as referred in Article 37 letter b that is the Joint Insurance Products, other than must fulfill the documents completion as referred to in Article 39, must also be completed with the approval letter or a registration letter from the Joint Insurance Products intended.

#### Article 41

FSA provides registration letter of Insurance Products reports as referred in Article 37 at the latest seven (7) working days after the documents received were correct and completed.

#### Article 42

Insurance Products as mentioned in Article 37, can be distributed after the Company obtains the receipt from FSA after submission of the Insurance Products reports.

#### Part Four

#### The Completion of Document Fulfillment for

#### Insurance Product Report

#### Article 43

- 1) In terms of new Insurance Products reports or changes in the Insurance Product that has been distributed do not meet the requirements of laws and regulations or do not meet the completion of the documents referred in Article 32, Article 33, Article 34, Article 38, Article 39 and / or Article 40, FSA will give notification regarding the requirements that must be fulfilled and / or documents that should be completed to the Company by:

- a. letter;
  - b. electronic letter;
  - c. a meeting with the Company at FSA office; and / or
  - d. other way of which evidence can be traced and stored.
- 2) If within 20 (twenty) working days from the date of notification from FSA as referred to in clause (1), The Company does not meet the requirements and / or complete the documents, The Company will be considered to cancel their new Insurance Products reports or changes to Insurance Products that have been distributed.
- 3) If the Company still intends to distributed their new Insurance Product or make changes to the Insurance Products that have been distributed after passing the period referred to in clause (2), The Company must resubmit the new Insurance Products reports or changes to Insurance Products that have been distributed referred to the FSA.

#### Article 44

Further provisions regarding the procedures, forms and reports formats for Insurance Products as referred in article 32, Article 38 and Article 39 will be stipulated in FSA Circular Letter.

### CHAPTER IV

#### Distribution Channel for Insurance Products

#### Article 45

- 1) Companies only able to distribute their Insurance Products through these distribution channels as follows:



- a. direct distribution;
  - b. insurance agency;
  - c. Bancassurance; and/or
  - d. business entities other than banks.
- 2) Micro Insurance Product Distribution can be carried out through distribution channels in clause (1) and / or sales force.
- 3) Further provisions on distribution channels referred to in clause (1) and (2) regulated in FSA Circular Letter.

#### Article 46

Company that will distribute Insurance Products through distribution channels as referred in article 45 clause (1) letter b up to letter d must have a written agreement concluded with the parties carrying out the distribution.

#### Article 47

- 1) Distribution channels as referred to in article 45 clause (1) may use remote communication media.
- 2) Distribution of insurance products through the medium of distance communication as referred in clause (1) shall contain the information about the identity of the Company; Insurance Products are offered, as well as the terms and conditions of the insurance policy.
- 3) Distribution channels using remote communication media as meant in clause (1), for PAYDI shall be followed by a face to face direct meeting.

#### Article 48

Companies who sell insurance products through insurance agents as referred to in article 45 clause (1) letter b, shall ensure that the insurance agent has fulfilled the provisions of laws and regulations regarding insurance agent.

#### Article 49

- 1) Companies who sell Insurance Products through Bancassurance as referred in article 45 clause (1) letter c must obtain a Bancassurance letter of approval from FSA.
- 2) Companies are prohibited to sell through Bancassurance before they got the approval letter from FSA.

#### Article 50

Companies who sell Insurance Products through business entities other than bank as referred to in article 45 clause (1) letter d with certain criteria must first obtain a letter of approval from FSA.

#### Article 51

Micro insurance Product that distributed by the sales force as referred to in article 45 clause (2) must be done by people who are knowledgeable about insurance and Micro Insurance Products.

#### Article 52

In terms of their distribution insurance products that conducted through distribution channels as referred in article 45 clause (1) letter b, c, d, and paragraph (2) shall:

- a. ensure that all those who do the distribution referred to convey accurate information, clear, fair and does not misleading regarding Insurance Products to

prospective policyholders, insured, or participants before the prospective policyholder, the insured, or the participants decided to make the insurance cover with the Company; and

- b. responsible for all the actions of parties doing the distribution for the related insurance products that marketed.

## Part 5

### Insurance Customer Protection

#### Article 53

- 1) The company and / or insurance broker company shall disclose information that are accurate, clear, fair and not misleading regarding Insurance Products to prospective policyholders, insured, or participants before the prospective policyholder, the insured, or the participant decides to undertake closing insurance with company.
- 2) The company that sells PAYDI are required to have, implement, and develop policies and procedures to conformity assessment of insurance products with the needs and profile of the prospective policyholder, the insured, or participants who become the target of distribution (customer risk profile assessment).
- 3) The Company is obliged to settle any complaints related to insurance products proposed by the policyholder, the insured, or the participants.

#### Article 54

- 1) The Company is obliged to submit the insurance policy to the policyholder, the insured, or participants in hardcopy or digital / electronic.

- 2) In terms of the insurance policy presented in the form of digital / electronic as referred in clause (1), part of the Insurance Policy outlining the policy remains must be submitted in hardcopy.

## CHAPTER VI

### Insurance Product Management

#### Part One

#### Insurance Product Planning

##### Article 55

- 1) Companies are required to have a development and distribution plan for Insurance Products that is assigned by the board of directors or equivalent.
- 2) Development and distribution plan for insurance products referred to in clause (1) is part of the Company's business plan.
- 3) Provisions concerning the form, composition, and procedures for the preparation of development and distribution plan for insurance products as described in clause (1) shall be further regulated the FSA Circular Letter regarding the corporate plan and business plans of insurance companies, sharia insurance companies, reinsurance companies and sharia reinsurance companies.

#### Part Two

#### Performance Monitoring for Insurance Product

##### Article 56

- 1) The Company is required to monitor the performance of each insurance product.

- 2) Performance monitoring of each insurance product as described in paragraph (1) conducted by evaluating these things:
  - a. embedded value over the mentioned insurance products;
  - b. profit testing and asset share based on assumption during the monitoring;
  - c. the analysis of the new business value (impLaw of new business an insurance product to the solvency or capital).
- 3) An evaluation of performance monitoring for each insurance product as described in clause (2) should done periodically by the Actuary company, in accordance the standards of prLawice and code of ethics issued by the association of professional Lawuarial Indonesia.
- 4) Based on the evaluation of the monitoring for the performance of each insurance product as described in clause (2), the Company Actuaries provide recommendations on:
  - a. continued the distribution of insurance products;
  - b. change the assumptions that used in insurance products; or
  - c. discontinue the distribution of insurance products.
- 5) Companies are required documenting of performance monitoring of each insurance product as described in clause (1).

### Part Three

#### Termination of Insurance Product Distribution

##### Article 57

- 1) FSA may instruct the Company to discontinue the distribution of insurance products, in terms of:

- a. Insurance Products that are distributed was different with the Insurance Products that have obtained an approval letter or letters records as mentioned in Article 28 paragraph (1); and / or
  - b. The products that are distributed no longer meet the provisions of the laws and regulations.
- 2) The Company must cease all the distribution Activities of Insurance Products subject to termination by FSA as referred in clause (1).

#### Article 58

- 1) The Company is obliged to report the termination of insurance products distribution as referred in Article 57 to FSA no later than 10 (ten) business days from the termination of insurance products distribution.
- 2) A company that has terminated the Insurance Products distribution as referred in Article 57 may distribute their Insurance Products again after the insurance products gained a approval letter or a registration letter from FSA as referred in Article 28 clause (1).
- 3) The termination report of the Insurance Products distribution as referred in paragraph (1), must be submitted by the Company's directors or equivalent followed by these:
  - a. explanation of the reason for distribution insurance products termination; and
  - b. the Insurance Policy data that is still Lawive.

#### Article 59

Termination of the Insurance Products distribution as referred in Article 57 shall not affect the right of the policyholder, the insured, or the participants.

## CHAPTER VII

## Administrative Sanction

## Article 60

- 1) Any violation of the provisions of Article 17, Article 22, Article 28 clause (1), Article 36, Article 46, Article 47 clause (2), clause (3), Article 48, Article 49 clause (2), Article 52, Article 53, Article 54, Article 55 clause (1) , Article 56 clause (1), clause (5), Article 57 clause (2), and / or Article 58 clause (1), of this FSA regulation is subject to administrative sanctions.
- 2) The administrative sanctions referred in clause (1) in the form of:
  - a. written warning;
  - b. fine;
  - c. obligation for the board of directors or equivalent to undergo a re-fit and proper test;
  - d. limitation of business activities; and/or
  - e. revocation of business license.
- 3) The sanctions as described in clause (2) b, c, d, e, can be charged by with or without a written warning preceded the imposition of sanctions as described in clause (2) letter a.
- 4) Financial penalties referred to in paragraph (2) b can be imposed on its own or together with the imposition of sanctions referred in clause (1) letter a, c, d, and / or the letter e.
- 5) The amount of financial penalties referred to in clause (2) letter b shall be determined under FSA provisions for administrative sanctions such as fines that apply to the Company.

- 6) FSA may declare the imposition of administrative sanctions as referred to in clause (2) to the public.

## **CHAPTER VIII**

### **TRANSITIONAL PROVISIONS**

#### Article 61

- 1) Registration letter of insurance products that have been issued by FSA before the FSA regulation comes into force shall remain valid.
- 2) Process of Insurance Products report still unfinished at the time of FSA Regulations come into force, the report is subject to FSA's Rules.
- 3) In the event that FSA has submitted a notice regarding the required documents, and / or the conditions that must be met by the Company prior to FSA regulation, the period as defined in Article 43 clause (2) shall be counted since FSA regulation comes into force.
- 4) Associations must report the Standard Insurance Policy specimen that has published before the FSA regulation comes into force to FSA no later than 20 (twenty) days after the FSA regulation comes into force.
- 5) The provisions concerning the PAYDI as stipulated in the Decree of the Chairman of Capital Distribute Supervisory Agency and Financial Institution Number KEP-104 / BL / 2006 concerning Unit Linked Product shall remain valid as long as not contrary to this FSA Regulation up to FSA Circular Letter concerning PAYDI as referred to in Article 4 clause (2) is set.

## **CHAPTER IX**

### **CONCLUDING PROVISIONS**

#### Article 62



At the time of FSA regulation comes into force, the provision of Insurance Products and the distribution Insurance Products is subject to this FSA Regulation.

Article 63

FSA regulation comes into force on the date of issuance.

In order to cause this law to be known to the general public, it is hereby ordered that this regulation of FSA be promulgated in the State Gazette of the Republic of Indonesia.

Issued in Jakarta

On 24 November 2015

HEAD OF THE BOARD OF  
COMMISSIONERS OF THE  
FINANCIAL SERVICES  
AUTHORITY,

signed,

MULIAMAN D. HADAD

Promulgated in Jakarta

On 26 November 2015

MINISTER OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA,

signed,

YASONNA H. LAOLY

This copy conforms to the original

Director of Legal Affairs I

Department of Law,

signed,

Sudarmaji

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2015 NUMBER

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