

**ELUCIDATION
OF
REGULATION OF THE FINANCIAL SERVICES AUTHORITY
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CONCERNING
INSURANCE PRODUCT AND INSURANCE PRODUCT MARKETING**

I. General

The development of the insurance industry today are quite rapidly so that encourages the Company to develop Insurance Products that even diverse and complex. In addition, the current Insurance Products that are part of financial products began to have characteristics similar to other financial services products such as banks and capital markets. In addition, methods and distribution channels of Insurance Products became more varied. The amount of variation and complexity on Insurance Products and distribution channels will increase the risks faced by the Company, the policyholder, the insured, and the participants.

To manage the risk related to Insurance Products and their distribution, the company must implement good corporate governance (GCG), adequate risk management, and practice a sound insurance on the Company, and also to improve the policyholder, the insured, or the participants. This requires the supervision of insurance product and distribution channels of insurance products; start from the report on new insurance products until termination of insurance products distribution.

The needs of insurance products that can meet the needs of low-income communities encourage special regulation regarding the Micro Insurance Products. The OJK regulations set characteristics and distribution channels of Micro Insurance Products. Thus, the expected Micro Insurance Products can improve various layers of people's access to insurance products.

II. Article by Article

Article 1

Self-explanatory

Article 2

Self-explanatory

Article 3

Letter a

Premium level or Contributions rated sufficient, if:

1. not too low so it worth the benefit agreed in the Insurance Policy;
2. the implementation of Premiums level or Contributions on an ongoing basis so it will not jeopardize the solvency levels of the Company; and
3. the implementation of Premiums level or Contributions on an ongoing basis so it will not spoil the climate of healthy competition.

Premium level or Contributions considered excessive if it is not comparable to the benefits agreed in the insurance policy.

Implementation of the Premium level or Contributions rated discriminatory if the insured with the same comprehensive closure as well as to the type and the same level of risk bears a different Premiums or contributions.

Letter B

Self-explanatory

Article 4

Clause 1

Self-explanatory

Clause 2

OJK Circular Letter regulates among other things, concerning: the criteria, the proportion of the death benefit and the benefit of investment, name and investment strategy, the value of assets sub-funds, and marketing brochures.

Article 5

Clause 1

Examples of the Joint Insurance Products are consortium products of Indonesian Workers (TKI), Product Plus Personal Accident (PA Plus) personal accident insurance implemented by the General Insurance Company and the natural death insurance carried out by Life Insurance Company.

Company as of a cooperation of Joint Insurance Products including Company carries on business, or part of its business with the sharia principles.

Clause 2

Self-explanatory

Clause 3

What is meant by collective insurance is the insurance products actually designed to be distributed by 1 (one) of the Company, but the closure of the insurance products case by case carried by more than 1 (one) Company for capacity issues.

Example for a joint insurance is insurance coverage insured object property with a plant incurred by more than 1 (one) General Insurance Company.

Article 6

Self-explanatory

Article 7

What is meant by a standard insurance policy made by the insurance industry associations are among the other Indonesia standard fire insurance policy, and Indonesia standard of motor vehicle insurance policy.

Article 8

Clause 1

Letter a

The meaning of simply in this provision is Micro insurance Products should provide basic protection benefits over common risks that are faced by low-income people. In addition, the Insurance Policy on Micro Insurance Products should also use simple language that is understandable to all people.

Letter b

The meaning of convenient in this provision is Micro insurance Products should be easily obtainable in the general public, especially for low-income people, such as post offices, pawn outlets, minimarket, supermarkets and financial institutions other than the Company.

Letter c

The meaning of economical in this provision is Micro Insurance Products must have a Premium or Contribution that is affordable by low-income people with optimal insurance benefits. Therefore, the marketing costs and operational costs of Micro insurance products should be very efficient.

Letter d

The meaning of immediately in this provision is the claim process of Micro Insurance products should be done immediately after the occurrence of the risk, a lot faster than the claim process of other insurance products. This is because low-income people usually do not have enough savings and in dire need of funds to deal with the financial impact of the disaster.

Clause 2

OJK Circular Letter among other things regulate the elaboration of the characteristics of the Micro Insurance Products referred to in clause (1), such as provisions concerning about Premiums or Contributions, settlement of claims, and lines of business for Micro Insurance Products.

Article 9

Self-explanatory

Article 10

Clause 1

Self-explanatory

Clause 2

Letter a

Examples of Insurance word that convey among other things are "assurance", "insurance", and "protection".

Letter b

Examples of the name that created an interpretation of the products that are not insurance products among other things "savings" and "investment".

Clause 3

Self-explanatory

Article 11

Self-explanatory

Article 12

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Contributions were allocated into investment funds only apply to PAYDI.

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f

Self-explanatory

Article 13

Self-explanatory

Article 14

Self-explanatory

Article 15

Self-explanatory

Article 16

Self-explanatory

Article 17

Self-explanatory

Article 18

Clause 1

What is meant by this paragraph is the Insurance Policy dispute settlement provisions should not just limit one way of solving disputes.

For example, not allowed within the general provisions of the Insurance Policy only contain the settlement of disputes in the trial only.

Clause 2

Self-explanatory

Clause 3

Self-explanatory

Article 19

Self-explanatory

Article 20

Clause 1

Self-explanatory

Clause 2

Examples of the use of foreign languages paired with Indonesian contained in marine hull insurance policy.

Examples of the use of regional languages paired with Indonesian contained in the micro insurance policy.

Article 21

Self-explanatory

Article 22

Self-explanatory

Article 23

Self-explanatory

Article 24

Conditions Insurance Policy specimens in this provision applies for the closure of insurance products other than standard insurance products.

Meanwhile standard Insurance Policy provision applies to the closure of Standard Insurance Product.

Article 25

Self-explanatory

Article 26

Clause 1

Self-explanatory

Clause 2

Letter a

The Premiums or Contributions calculation based on profile data losses (risk and loss profile) type of insurance pertinent for at least 5 (five) years as referred to in this provision, may use the data from the Company's internal or external of the other party.

Letter b

Self-explanatory

Clause 3

Self-explanatory

Article 27

Clause 1

Self-explanatory

Clause 2

Referred to proportionally if the curve is in the form of linear line ($y = ax + b$), and not the line exponentially ($y = e^{ax}$).

The meaning of Premiums or Contributions have been paid partly to insurance brokers, insurance agents, and / or sales force is intermediary services reward.

Clause 3

Calculation of reserve accumulation fund refers to laws and regulations on technical reserves.

Article 28

Clause 1

Self-explanatory

Clause 2

Letter a

Self-explanatory

Letter b

Number 1

Self-explanatory

Number 2

Self-explanatory

Number 3

Self-explanatory

Number 4

Examples of assumptions among others mortality tables, interest rates, morbidity table, the rate of inflation, lapse ratio, loss ratio, and so forth.

Number 5

Self-explanatory

Clause 3

These provisions stipulates that the new Insurance Product that has never been distributed well or that have been distributed but experienced the changes referred in clause (2) b which will be reported to OJK in advance contained in their business plan that was submitted to OJK in accordance with the OJK Circular Letter regarding corporate plan and business plans of insurance companies, sharia insurance companies, reinsurance companies and sharia reinsurance companies.

Article 29

Self-explanatory

Article 30

Clause 1

Letter a

Self-explanatory

Letter b

Imposition of administrative sanctions referred to are all types of imposition of sanctions and is not limited to the imposition of sanctions related to the insurance products distribution.

Clause 2

Self-explanatory

Clause 3

Self-explanatory

Article 31

Self-explanatory

Article 32

Clause 1

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

The definition of Insurance Product descriptions in this letter including a description of their strategies and media that is used in the insurance products distribution.

Letter d

Self-explanatory

Letter e

Self-explanatory

Clause 2

Self-explanatory

Article 33

Letter a

Self-explanatory

Letter b

The meaning of a approval letter or registration letter is a letter of approval or a letter last recording of the Joint Insurance Products.

Article 34

Clause 1

What is meant by other documents in this chapter is an evidence of compliance requirements or criteria of the Company to be able hold a

line of credit insurance business and surety ship in accordance with the laws and regulation.

Clause 2

Self-explanatory

Article 35

What is meant by correct in this article are has complied laws and regulations.

Article 36

Self-explanatory

Article 37

Letter a

Self-explanatory

Letter b

Changes referred to in this provision as well as the alteration and / or use another name for insurance products that have obtained registration approval letter or a letter from OJK.

Number 1

What the insured individuals means is insured individual who is not a legal entity or a business entity. Insurance products with a set of individuals insured that are distributed to the legal entity or entities included in the insurance products that meet this condition.

Number 2

This provision stipulates that amendments to the insurance products that are not distributed to the individuals insured are not reportable to obtain a recording of OJK, except if the product has been discontinued the distribution and will be distributed again.

Article 38

Clause 1

Letter a

Self-explanatory

Letter b

The definition of insurance Product descriptions in this letter it also includes a description of their strategies and media that is used in the insurance products distribution.

Letter c

Self-explanatory

Clause 2

Self-explanatory

Article 39

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

The definition of Insurance Product descriptions in this letter it also includes a strategies description and media used in the insurance products distribution.

Letter d

Self-explanatory

Letter e

Self-explanatory

Article 40

Clause 1

Referred to the reporting of this provision is new Insurance Products report that meets the criteria of Standard Insurance Products and Joint Insurance Products.

Clause 2

This provision regulates the report of changes of the Joint Insurance Products. As the approval letter or registration letter is the letter of approval or last recording letter of the Joint Insurance Products intended.

Article 41

Self-explanatory

Article 42

What the receipt from OJK means in this provision is the receipt of correspondence of OJK system.

Article 43

Clause 1

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Another example is the way of automatic system if the report process is done by online (e-licensing).

Clause 2

Self-explanatory

Clause 3

The purpose of this provision is for Company repeat the reporting process of a new Insurance Product or amendment to the Insurance Products that have been distributed to OJK.

Article 44

Self-explanatory

Article 45

Clause 1

Letter a

Self-explanatory

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Examples of business entities other than banks as described in this letter include finance companies, microfinance institutions, PT. Pos Indonesia, minimarket / supermarket, and others.

Clause 2

Examples of distribution channels through sales forces, is through the community, employees of cooperative farming, and others.

Clause 3

Self-explanatory

Article 46

Self-explanatory

Article 47

Clause 1

The examples of remote communication media are letters, telephone (telemarketing), Internet, television, radio, or short message service (SMS).

Clause 2

Obligations to contain information as defined in this provision, for example in Insurance Products distribution channels that uses telemarketing, therefore, the Company needs to provide training to its telemarketers agents regarding insurance products that will be marketed through the telemarketing channel.

Clause 3

Self-explanatory

Article 48

The meaning of the terms of legislation regarding insurance agents including OJK regulation on consumer protection financial services sector.

Article 49

Self-explanatory

Article 50

The meaning of certain criteria in this article is the criteria that will be regulated by OJK Circular Letter as described in Article 45 paragraph (3).

Article 51

Self-explanatory

Article 52

Self-explanatory

Article 53

Clause 1

Insurance broker shall disclose information that is accurate, clear, fair and not misleading regarding Insurance Products because an Insurance Broker represents the interests of policyholders, insured, or participant.

Clause 2

Self-explanatory

Clause 3

Self-explanatory

Article 54

Self-explanatory

Article 55

Self-explanatory

Article 56

Clause 1

Self-explanatory

Clause 2

Self-explanatory

Clause 3

Monitoring period of the performance for each Insurance Product was adjusted to the characteristics of Insurance Products distributed by the Company.

Clause 4

Self-explanatory

Clause 5

Self-explanatory

Article 57

Self-explanatory

Article 58

Clause 1

10 (ten) business days since the termination of Insurance Products distribution is 10 (ten) business days from the decision date from the board of directors or the equivalent to suspend the Insurance Products distribution or specific dates that is set by the directors or equivalent as the effective date of termination of Insurance Products distribution.

Clause 2

According to this provision, Insurance Products that ever stopped its distribution should be reported back to OJK. Such products must obtain a letter of approval from OJK if it meets the criteria referred to in Article 31, or a registration letter from OJK if it meets the criteria referred to in Article 37.

Clause 3

Self-explanatory

Article 59

Self-explanatory

Article 60

Self-explanatory

Article 61

Clause 1

Self-explanatory

Clause 2

The meaning of unfinished process of Insurance Products report is the reporting of insurance products that are being processed by OJK and has not published the registration letter referred to that Insurance Product.

Clause 3

Self-explanatory

Clause 4

Self-explanatory

Clause 5

Self-explanatory

Article 62

Self-explanatory

Article 63

Self-explanatory

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