

**LAW OF THE REPUBLIC OF INDONESIA NUMBER 40 OF 2014
ON INSURANCE**

BY THE GRACE OF GOD ALMIGHTY

PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering:

a.that healthy, reliable, trustworthy, and competitive insurance industry will increase the protection of policyholders, insured, or participants, and play a role in promoting national development;

b.that in order to address and anticipate development in the insurance industry and economic development, both at the national and global levels, it has been deemed necessary to replace Law Number 2 of 1992 on Insurance Business with a new law;

c.that based on the consideration as referred to in paragraph a and paragraph b, it has been deemed necessary to establish the Law on Insurance.

Observing:

Article 5 paragraph (1), Article 20, and Article 26 paragraph (33) of the 1945 Constitution of the Republic of Indonesia.

Upon Mutual Consent of

THE HOUSE OF REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

and

PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact:

LAW ON INSURANCE

CHAPTER I GENERAL PROVISIONS

Article 1

In this Law, the following definitions are employed:

1. Insurance is an agreement between two parties, which are the insurance company and policyholder, that is used as the basis for receipt of premium by insurance company in exchange for:
 - a) provision of insurance to the insured or the policyholder for any loss, damage, cost incurred, loss of profits, or legal liability to third parties which may be sustained by the insured or policyholder due to the occurrence of an unforeseeable event; or

- b) provision of payment in the case of death of the insured or payment during the life of the insured based on the benefits the amount of which has been set and/or based on the results of fund management.
- 2. **Sharia Insurance** is a collection of agreements, consisting of an agreement between a sharia insurance company and a policyholder and an agreement between policyholders, for the purpose of the management of contribution based on sharia principles in order to assist and protect each other by:
 - a) provision of insurance to the insured or the participant for any loss, damage, cost incurred, loss of profits, or legal liability to third parties which may be sustained by the insured or participant due to the occurrence of an unforeseeable event; or
 - b) provision of payment in the case of death of the participant or payment during the life of the participant based on the benefits the amount of which has been set and/or based on the results of fund management.
- 1. **Sharia Principles** are principles of Islamic law adopted in insurance activities pursuant to fatwa (legal pronouncement on a point of Islamic law) issued by the authority competent in issuing fatwa in sharia businesses.
- 2. **Insurance Business** is all businesses in relation to services of insurance or risk management, risk reinsurance, marketing and distribution of insurance products or sharia insurance products, insurance consulting and brokerage, sharia insurance, reinsurance, or sharia reinsurance, or insurance loss appraisal or sharia insurance.
- 3. **General Insurance Business** is a risk coverage service providing the payment to the insured or the policyholder for any loss, damage, cost incurred, loss of profits, or legal liability to third parties which may be sustained by the insured or policyholder due to the occurrence of an unforeseeable event.
- 4. **Life Insurance Business** is a risk coverage service that provides the payment to the policyholder, the insured or any other entitled party in the event the insured dies or is alive, or other payments to the policyholder, the insured, or any other entitled party at a

certain time determined in the agreement, the amount of which has been set and/or based on the results of the fund management.

5. **Reinsurance Business** is a reinsurance service against risks faced by insurance companies, guarantee companies, or other reinsurance companies.
6. **Sharia General Insurance Business** is a risk management service provided based on Sharia Principles in order to provide assistance and protection by provision of the payment to the participants or policyholders for any loss, damage, cost incurred, loss of profits, or legal liability to third parties which may be sustained by the participants or the policyholders due to the occurrence of an unforeseeable event.
7. **Sharia Life Insurance Business** is a risk management service provided based on Sharia Principles in order to provide assistance and protection by provision of the payment in the event of death or life of the participant, or any other entitled party at a certain time determined in the agreement, the amount of which has been set and/or based on the results of the fund management.
8. **Sharia Reinsurance Business** is a risk management service based on Sharia Principles in relation to risks faced by sharia insurance companies, sharia guarantee companies, or other reinsurance companies.
9. **Insurance Brokerage Business** is a consulting and/or brokerage business in insurance coverage or sharia insurance and the handling of settlement of claims by acting for and on behalf of the policyholders, the insured, or the participants.
10. **Reinsurance Brokerage Business** is a consulting and / or intermediary business in the placement of reinsurance or placement of sharia reinsurance and the handling of settlement claim to act for and on behalf of insurance companies, sharia insurance companies, guarantee companies, sharia guarantee companies, reinsurance companies, or sharia reinsurance companies which carry out the placement of reinsurance or sharia reinsurance.
11. **Insurance Loss-Appraisal Business** is business providing claim adjusting and/or consultancy services in relation to insurance objects.

12. **Insurance Companies** are insurance companies, sharia insurance companies, reinsurance companies, sharia reinsurance companies, insurance brokerage companies, reinsurance brokerage companies, and insurance loss-adjusting companies.
13. **Insurance Companies** are general insurance companies and life insurance companies.
14. **Sharia Insurance Companies** are sharia general insurance companies and sharia life insurance companies.
15. **Party** is a person or a business entity, whether or not it is legal entity.
16. **Guarantee Fund** is the assets of an Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company which constitutes the final guarantee for the purpose of protecting the interests of the policyholders, the insured, or the participants, in the case the Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company is liquidated.
17. **Controlling Party** is a Party that directly or indirectly has the authority to appoint the board of directors, the board of commissioners, or the equivalent to the board of directors or the board of commissioners in a legal entity in the form of cooperative or mutual business and/or that influences the acts of the board of directors, the board of commissioners, or an equivalent to the board of directors or the board of commissioners in a legal entity in the form of cooperative or mutual business.
18. **Insurance Fund** is a pool of funds derived from premiums established to fulfill the obligations arising from the policies issued or from insurance claims.
19. **Tabarru Fund** is a pool of funds derived from contributions of the participants, the use mechanism of which is set forth with a Sharia Insurance agreement or a sharia reinsurance agreement.
20. **Policyholder** is a party who binds themselves under an agreement with an Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company to receive protection or risk management for themselves, the insured, or other participants.

21. **Insured** is a Party facing risks as referred to in an Insurance agreement or a reinsurance agreement.
22. **Participant** is a Party facing risks as referred to in a Sharia Insurance agreement or a sharia reinsurance agreement
23. **Insurance Object** is the life and body, human health, legal liability, goods and services, as well as all other interests that may be lost, damaged, injured, and/or may decrease in value.
24. **Insurance Broker** is a person who works at an insurance brokerage company and meets the requirements to provide recommendations or represent Policyholders, Insured, or Participants in the closing of insurance or sharia insurance and/or settlement of claims.
25. **Reinsurance Broker** is a person who works at a reinsurance brokerage company and meets the requirements to provide recommendations or represent Insurance Companies, Sharia Insurance Companies, guarantee companies, sharia guarantee companies, reinsurance companies, or sharia reinsurance companies at the closing of reinsurance or sharia reinsurance and / or settlement of claims.
26. **Insurance Agent** is a person who works independently or works at a business entity and acts for and on behalf of an Insurance Company or Sharia Insurance Company and meets the requirements to represent the Insurance Company or Sharia Insurance Company to market insurance products or sharia insurance products.
27. **Premium** is the amount of money set by an Insurance Company or a Reinsurance Company and approved by the Policyholder to be paid under an insurance agreement or a reinsurance agreement, or the amount of money, set under the laws and regulations underlying the mandatory insurance program to obtain benefits.
28. **Contribution** is the amount of money set by a Sharia Insurance Company or Sharia Reinsurance Company and approved by the policyholder to be paid under a Sharia Insurance agreement or a sharia reinsurance agreement to obtain benefit from Tabarru Fund and/or investment funds of the Participants and to pay the management fee or a

certain amount of money, set under the laws and regulations underlying the mandatory insurance program to obtain benefits.

29. **Affiliation** is the relationship between a person or a legal entity with one or more persons, or other legal entities, such that one of them may influence the management or policies of the other person or other legal entity or otherwise.
30. **Mandatory Insurance Program** is a program required by the laws and regulations for all or certain groups in society in order to receive protection against certain risks, excluding programs required by law to provide basic protection for society through the mechanism of cross subsidy in the determination of the benefits and Premium or Contribution.
31. **Statutory Manager** is a Party appointed by the Financial Services Authority to take over the management of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.
32. **Person** is an individual person or a coIDR oration.
33. **Financial Services Authority** is the regulatory and supervisory body in the financial services sector as referred to in the law on financial services authority.
34. **Regulation of the Financial Services Authority** is a written regulation enacted by the Board of Commissioners of the Financial Services Authority as referred to in the law on financial services authority.
35. **Government** is the government of the Republic of Indonesia.
36. **Minister** is the minister who manages the government affairs in the field of finance.

CHAPTER II

SCOPE OF INSURANCE BUSINESS

Article 2

- (1) General insurance companies may only conduct:

- a) General Insurance Business, including health insurance line of business and personal accident insurance line of business; and
 - b) Reinsurance Business for risks of other General Insurance Companies.
- (2) Life insurance companies may only conduct Life Insurance Business including annuities line of business, health insurance line of business and personal accident insurance line of business.
- (3) Reinsurance companies may only conduct Reinsurance Business.

Article 3

- (1) Sharia general insurance companies may only conduct:
- a) Sharia General Insurance Business, including health insurance line of business according to Sharia Principles and personal accident insurance line of business according to Sharia Principles; and
 - b) Sharia Reinsurance Business for risks of other Sharia General Insurance Companies.
- (2) Sharia life insurance companies may only conduct Sharia Life Insurance Business including annuities line of business according to Sharia Principles, health insurance line of business according to Sharia Principles and personal accident insurance line of business according to Sharia Principles.
- (3) Sharia reinsurance companies may only conduct Reinsurance Business.

Article 4

- (1) Insurance brokerage companies may only conduct Insurance Brokerage Business.
- (2) Reinsurance brokerage companies may only conduct Reinsurance Brokerage Business.
- (3) Insurance loss-appraisal companies may only conduct Insurance Loss-Appraisal Business.

Article 5

- (1) The scope of General Insurance Business and Life Insurance Business as referred to in Article 2 paragraph (1) and paragraph (2) as well as Sharia Insurance Business and Sharia Life Insurance Business as referred to in Article 3 paragraph (1) and paragraph (2) may be expanded to suit the needs of society.
- (2) The expansion of the scope of General Insurance Business, Life Insurance Business, Sharia General Insurance Business and Sharia Life Insurance Business as referred to in paragraph (1) may be in the form of additional benefits based on the results of the fund management.
- (3) Further provisions on the expansion of the scope of General Insurance Business, Life Insurance Business, Sharia General Insurance Business and Sharia Life Insurance Business as referred to in paragraph (1) and paragraph (2) shall be regulated by the Regulation of the Financial Services Authority.

CHAPTER III

FORM OF LEGAL ENTITY AND OWNERSHIP OF INSURANCE COMPANIES

Article 6

- (1) The form of legal entity managing the Insurance Business shall be:
 - a) limited liability company; cooperative; or
 - b) mutual business existing at the time this Law is promulgated.
- (2) Mutual business as referred to in paragraph (1) letter c is established as a legal entity under the Law.
- (3) Further provisions on mutual business as a legal entity as referred to in paragraph (2) shall be regulated in a Regulation of the Government.

Article 7

- (1) Insurance Companies may only be owned by:
 - a) an Indonesian citizen and/or an Indonesian legal entity directly or indirectly wholly owned by an Indonesian citizen; or
 - b) an Indonesian citizen and/or an Indonesian legal entity as referred to in paragraph a, together with a foreign national or a foreign legal entity that must be a company and has similar business or a holding company which has a subsidiary engaged in similar Insurance Business.
- (2) The foreign national as referred to in paragraph (1) letter b may become an owner of an Insurance Company only through transactions in the stock exchange.
- (3) Further provisions on criteria of foreign legal entity and ownership by a foreign legal entity as referred to in paragraph (1) letter b and ownership by a foreign national as referred to in paragraph (2) in an Insurance Company shall be regulated in a Regulation of the Government.

CHAPTER IV LICENSING

Article 8

- (1) Each Party which is engaged in Insurance must first obtain a business license from the Financial Services Authority.
- (2) To obtain a business license as referred to in paragraph (1) the requirements with regard to the following must be fulfilled:
 - a) articles of association;
 - b) organizational structure;
 - c) paid-up capital;
 - d) Guarantee Fund;
 - e) ownership;
 - f) feasibility and propriety of shareholders and the Controlling Party;

- g) feasibility and propriety of members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in the legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries and internal auditors.
 - h) experts;
 - i) feasibility of the work plan;
 - j) feasibility of risk management systems;
 - k) products to be marketed;
 - l) engagement with, if any, affiliated parties, and the policy on transfer of some functions in the implementation of the business;
 - m) infrastructure for preparation and submission of reports to the Financial Services Authority;
 - n) confirmation and supervisory authorities in the country of origin of a foreign party, in the event of a foreign direct participation; and
 - o) other matters needed to support the growth of a healthy business.
- (3) Business license requirements as referred to in paragraph (2) shall be applied in accordance with the type of business to be conducted.
- (4) Further provisions on the requirements and procedures for licensing as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 9

- (1) The Financial Services Authority shall approve or reject the application for a business license for Insurance Company not later than 30 (thirty) business days after receipt of the complete application.
- (2) In the event that the Financial Services Authority rejects the application for a business license as referred to in paragraph (1), the rejection shall be made in writing and shall specify the reason for the rejection.

Article 10

- (1) Insurance Companies must report the opening of offices other than its head office to the Financial Services Authority.
- (2) Offices of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies other than the head office that have the authority to make decisions on the approval or rejection of coverage and/or a decision on the approval or rejection of claims at any time must comply with the requirements set by the Financial Services Authority.
- (3) Insurance Companies are fully responsible any of the offices they own or manage or whose owners or managers are given the permit to use the name of the relevant Insurance Companies.
- (4) Further provisions on the form and procedures for reporting as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER V BUSINESS OPERATIONS

Article 11

- (1) Insurance Companies must implement good corporate governance.
- (2) Further provisions on good corporate governance as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 12

- (1) Members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries, internal auditors, the Controlling Parties at any time must meet the requirements on feasibility and propriety.
- (2) Further provisions on the requirements and procedures for fit and proper test as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 13

- (1) Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies must establish at least 1 (one) Controlling Party.
- (2) In the event there is another Controlling Party that has not been established by Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies, the Financial Services Authority is authorized to establish a Controlling Party other than the Controlling Party as referred to in paragraph (1).
- (3) Further provisions on the criteria of Controlling Party as referred to in paragraph (1) and paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 14

- (1) Each Party designated as the Controlling Party as referred to in Article 13 paragraph (1) must be reported to the Financial Services Authority.
- (2) Any change in the Controlling Party must be reported to the Financial Services Authority.
- (3) A Party that has been established as the Controlling Party may not stop being the Controlling Party without the approval from the Financial Services Authority.

- (4) Further provisions on the requirements and procedures to obtain an approval for cessation from being the Controlling Party as referred to in paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

Article 15

The Controlling Party must also be responsible for the losses of an Insurance Company, Sharia Insurance Company, reinsurance company, or sharia reinsurance company caused by the Party under the Party's control.

Article 16

- (1) Each Party may only be a controlling shareholder in 1 (one) life insurance company, 1 (one) general insurance company, 1 (one) reinsurance company, 1 (one) sharia life insurance company, 1 (one) sharia general insurance company, and 1 (one) sharia reinsurance company.
- (2) The provisions as referred to in paragraph (1) must not apply if the controlling shareholder is the State of the Republic of Indonesia.
- (3) Further provisions on the controlling shareholder as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 17

- (1) Insurance Companies must employ experts in a sufficient number depending on their respective types and line of business, in order to ensure application of good practices management in insurance.
- (2) Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must employ actuaries in a sufficient number depending on their respective types and line of business, in order to independently and in accordance with the applicable standards and practices manage the financial impacts and risks facing the companies.

- (3) Further provisions on the types, number and requirements of experts as referred to in paragraph (1) and actuaries as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 18

- (1) Insurance Companies may cooperate with other parties in order to acquire business or carry out some of the functions in the operations of their business.
- (2) Insurance Companies must ensure that any third party as referred to in paragraph (1) have the licenses to conduct their business from the competent authority.
- (3) Insurance Companies must have and implement the standards of selection and accountability in the implementation of the cooperation as referred to in paragraph (1).
- (4) Further provisions on the cooperation as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 19

- (1) Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies must comply with the provisions on financial health.
- (2) Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance company must conduct periodic evaluation of the availability of the Insurance Fund or the Tabarru Fund to meet the claims or other obligations arising from the policy.
- (3) Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies must plan and implement risk mitigation methods to maintain their financial health.
- (4) Further provisions on the financial health as referred to in paragraph (1) and risk mitigation methods as referred to in paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

Article 20

- (1) Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies must establish Guarantee Fund in the form and amount set by the Financial Services Authority.
- (2) The amount of Guarantee Fund as referred to in paragraph (1) must be adjusted the development of the business, provided that it must not be less than the amount required at the beginning of its establishment.
- (3) The Guarantee Fund as referred to in paragraph (1) must not be pledged or encumbered in any manner.
- (4) The Guarantee Fund as referred to in paragraph (1) may only be transferred or disbursed upon approval from the Financial Services Authority.
- (5) Further provisions on the Guarantee Fund as referred to in paragraph (1) and paragraph (2), paragraph (3) and paragraph (4) shall be regulated in a Regulation of the Financial Services Authority.

Article 21

- (1) The assets and liabilities related to the right of the Policyholders, Insured, or Participants must be separated from other assets and liabilities of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.
- (2) For sharia life insurance companies, the assets and liabilities of the Participants for the purpose of helping one another in facing the risks must be separated from the assets and liabilities of the Participants for investment purposes.
- (3) Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must apply the principles of prudence and appropriateness between assets and liabilities in investing the assets of the Policyholders, Insured, or Participants.
- (4) Further provisions on the separation of assets and liabilities as described in paragraph (1) and paragraph (2), and the investment of assets of the Policyholders, Insured, or

Participants as referred to in paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

Article 22

- (1) Insurance companies must submit reports, information, data, and/or documents to the Financial Services Authority.
- (2) The submission of the reports referred to in paragraph (1) may be through electronic data systems.
- (3) Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must announce their financial position, financial performance and financial health in daily newspapers in Indonesian language circulating nationally and electronic media.
- (4) Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must provide information about the financial position, financial performance and the risks they face to the stakeholders in a manner consistent with the provisions of laws and regulations.
- (5) Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must announce their audited financial statements not later than 1 (one) month after deadline for submission of the financial statements to the Financial Services Authority.
- (6) Further provisions on the submission of reports to the Financial Services Authority as referred to in paragraph (1) and announcement as referred to in paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

Article 23

- (1) Certain reports and results of analysis of the reports as referred to in Article 22 paragraph (1) may not be disclosed by the Financial Services Authority to any other party, except to:

- a) police and prosecutors for the purpose of investigation;
 - b) judges for the purpose of judicial process;
 - c) tax authorities for tax purposes;
 - d) Bank Indonesia for the performance of their duties; or
 - e) other parties under the laws and regulations.
- (2) Further provisions on the requirements and procedures to obtain obtaining certain reports and analysis of the reports as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 24

- (1) Insurance coverage of Insurance Objects must be based on the principle of freedom to choose any Insurance Company or Sharia Insurance Company.
- (2) Insurance coverage of Insurance Objects as referred to in paragraph (1) shall be carried out by taking into account to the capacity of Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies in the country.
- (3) Further provisions on coverage of Insurance Objects as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 25

Insurance Objects in Indonesia may only be insured in Insurance Companies and Sharia Insurance Companies which have obtained a business license from the Financial Services Authority, except in the case of:

- a) there is no Insurance Company nor Sharia Insurance Company in Indonesia, either individually or jointly which has the ability to hold or manage insurance risks or sharia insurance risks of the relevant Insurance Objects; or

- b) there is no Insurance Company nor Sharia Insurance Company in Indonesia which is willing to provide coverage of insurance or sharia insurance of the relevant Insurance Objects.

Article 26

(1) Insurance Companies must meet the standards of business conduct including provisions on:

- a) policies;
- b) Premiums or Contributions;
- c) underwriting and introduction of Policyholders, Insured, or Participants;
- d) settlement of claims;
- e) expertise in the field of insurance;
- f) distribution or marketing of products;
- g) handling of complaints from Policyholders, Insured, or Participants; and
- h) other standards related to business operations.

(2) Further provisions on standards of business conduct as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 27

(1) Insurance Brokers, Reinsurance Brokers and Insurance Agents must be registered with the Financial Services Authority.

(2) Insurance Brokers, Reinsurance Brokers and Insurance Agents must have sufficient knowledge and ability as well a good reputation.

(3) Further provisions on the requirements and procedures for the registration of an Insurance Brokers, Reinsurance Brokers and Insurance Agents as referred to in paragraph (1) and paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 28

- (1) Premiums or Contributions may be directly paid by Policyholders or the Participants to Insurance Companies or Sharia Insurance Companies, or paid through Insurance Agents.
- (2) Insurance Agents may only receive the payment of Premiums or Contributions from Policyholders or Participants after obtaining the approval of Insurance Companies or Sharia Insurance Companies.
- (3) The coverage shall be effective and binding on the Parties as from the receipt of Premiums or Contributions by Insurance Agents.
- (4) Insurance Agents may not hold or manage Premiums or Contributions.
- (5) Insurance Agents may not embezzle Premiums or Contributions.
- (6) In the event that Premiums or Contributions are paid through Insurance Agents as referred to in paragraph (1) and paragraph (2), Insurance Agents must deliver the Premiums or Contributions to Insurance Companies or Sharia Insurance Companies within the time period stipulated in a Regulation of the Financial Services Authority.
- (7) Insurance Companies or Sharia Insurance Companies must be responsible for the payment of claims arising even if Insurance Agents have received the Premiums or Contributions but have been delivered them to Insurance Companies and Sharia Insurance Companies.
- (8) Insurance Companies or Sharia Insurance Companies must pay Insurance Agents a remuneration for their intermediary services immediately upon receipt of Premiums or Contributions.

Article 29

- (1) Premiums or Contributions may be directly paid by Policyholders or the Participants to Insurance Companies or Sharia Insurance Companies, or paid through insurance brokerage companies.

- (2) Premiums or Contributions may be directly paid by Insurance Companies or Sharia Insurance Companies to reinsurance companies or sharia reinsurance companies or paid through insurance brokerage companies.
- (3) Insurance brokerage companies and reinsurance brokerage companies must not hold or manage Premiums or Contributions.
- (4) Insurance brokerage companies and reinsurance brokerage companies must not embezzle Premiums or Contributions.
- (5) In the event Premiums or Contributions are paid through insurance brokerage companies as referred to in paragraph (1) or through reinsurance brokerage companies as referred to in paragraph (2), insurance brokerage companies or reinsurance brokerage companies must deliver the Premiums or Contributions to the Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies within the period regulated in a Regulation of the Financial Services Authority.
- (6) In the event that the delivery of Premiums or Contributions by insurance brokerage companies or reinsurance brokerage companies is made after the expiration of the period as referred to in paragraph (5), insurance brokerage companies or reinsurance brokerage companies must be liable for the payment of claims incurred and losses incurred after the expiration of the period.
- (7) Insurance brokerage companies and reinsurance brokerage companies will receive fee for their intermediary services from Policyholders.

Article 30

- (1) Insurance brokerage companies may not place the closing of insurance or sharia insurance in any Insurance Company or Sharia Insurance Company which is an affiliate of the Insurance Broker or the insurance brokerage company concerned.
- (2) Reinsurance brokerage companies may not place the closing of reinsurance or sharia reinsurance in any reinsurance company or sharia reinsurance company which is an affiliate of the Reinsurance Broker or the reinsurance brokerage company concerned.

- (3) Insurance brokerage companies and reinsurance brokerage companies must be responsible for the acts of Insurance Brokers and Reinsurance Brokers who give recommendations to the Policyholders related to the closing of insurance or the closing of reinsurance.

Article 31

- (1) Insurance Agents, Insurance Brokers, Reinsurance Brokers and Insurance Companies must apply all of their expertise, care and diligence in their services or transactions with Policyholders, Insured, or Participants.
- (2) Insurance Agents, Insurance Brokers, Reinsurance Brokers and Insurance Companies must provide information which is correct, not false, and/or misleading to Policyholders, Insured, or Participants about the risks, benefits, obligations and charges in relation with insurance products or sharia insurance products being offered.
- (3) Insurance Companies, Sharia Insurance Companies, reinsurance companies, sharia reinsurance companies, insurance brokerage companies and reinsurance brokerage companies must handle claims and complaints through a fast, simple, accessible, and fair process.
- (4) Insurance Companies, Sharia Insurance Companies, reinsurance companies, and sharia reinsurance companies may not do any acts that can slow down the settlement or payment of claims, or omit to do any acts that should be done so that it causes a delay in settlement or payment of claims.
- (5) Further provisions on the handling of claims and complaints through a fast, simple, accessible, and fair process as referred to in paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

(1) Article 32

- (2) Insurance Companies, Sharia Insurance Companies, and insurance brokerage companies must implement policies on anti-money laundering and combating the financing of terrorism.
- (3) Insurance Companies, Sharia Insurance Companies, and insurance brokerage companies must obtain sufficient information on prospective Policyholders, Insured, Participants, or any other parties relevant to the closing of insurance or sharia insurance for the purpose of implementation of policies on anti- money laundering and combating the financing of terrorism.
- (4) Further provisions on provisions on the implementation of policies on anti-money laundering and combating the financing of terrorism for Insurance Companies, Sharia Insurance Companies, and insurance brokerage companies as referred to in paragraph (1) and paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 33

Any Person may not falsify documents of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.

Article 34

Members of the board of directors and/or the authorized persons sign a policy from Insurance Companies or Sharia Insurance Companies on which a restriction on business activities is imposed may not sign a new policy.

CHAPTER VI
GOOD GOVERNANCE IN INSURANCE BUSINESS CONDUCTED BY
COOPERATIVE AND MUTUAL BUSINESS

Article 35

- (1) Insurance Companies and Sharia Insurance Companies in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c may only provide insurance or sharia Insurance services to their members.
- (2) Each member of Insurance Companies and Sharia Insurance Companies which is in the form of cooperative or a member of a mutual business as referred to in Article 6 paragraph (1) letter c becomes the Policyholder of the relevant company.
- (3) Membership in Insurance Companies and Sharia Insurance Companies in the form of cooperative or membership in a mutual business as referred to in Article 6 paragraph (1) letter c will end if:
 - a) the member dies;
 - b) the member no longer has an insurance policy from the relevant Insurance Company or Sharia Insurance Company for 6 (six) consecutive months; or
 - c) in accordance with the provisions of laws and regulations, the membership must end.
- (4) Members of Insurance Companies and Sharia Insurance Companies in the form of cooperative or members of a mutual business as referred to in Article 6 paragraph (1) letter c shall be entitled to all benefits and must bear the entire loss of business activities in accordance with the provisions of laws and regulations.
- (5) Further provisions on the financial requirements to become a member as referred to in paragraph (1) and paragraph (2) and the use of profits by members and the assumption of losses among members as referred to in paragraph (4) of Insurance Companies and Insurance Sharia Companies in the form of cooperative or members of a mutual business as referred to in Article 6 paragraph (1) letter c shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER VII

IMPROVEMENT OF CAPACITY OF DOMESTIC INSURANCE, SHARIA INSURANCE, REINSURANCE AND SHARIA REINSURANCE

Article 36

Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies must optimize the use of capacity of domestic insurance, sharia insurance, reinsurance, and/or sharia reinsurance.

Article 37

The Government and/or the Financial Services Authority shall promote the capacity of domestic insurance, sharia insurance, reinsurance and/or sharia reinsurance to meet the needs for insurance, sharia Insurance, reinsurance, and/or sharia reinsurance in the country.

Article 38

The Government may provide fiscal facilities to individuals, households, and/or micro, small, and medium- sized businesses to encourage the use of insurance, sharia insurance, reinsurance, and/or sharia reinsurance services in risk management in accordance with the provisions of laws and regulations.

CHAPTER VIII MANDATORY INSURANCE PROGRAM

Article 39

- (1) Mandatory insurance program must be carried out competitively.
- (2) The arrangement of Mandatory Insurance Program as referred to in paragraph (1) must at least contain:
 - a) coverage of membership;
 - b) rights and obligations of the Insured or Participants;

- c) Premiums or Contributions;
 - d) benefits or compensation;
 - e) procedures for claims and payment of benefits or compensation;
 - f) criteria for organizing institution;
 - g) rights and obligations of organizing institutions; and
 - h) transparency of information.
- (3) Parties that may organize a Mandatory Insurance Program as referred to in paragraph (1) must comply with the requirements set by the Financial Services Authority.
- (4) The organizing institutions of a Mandatory Insurance Program as referred to in paragraph (3) may offer additional benefits with additional Premiums or Contributions.
- (5) The organizing institutions of a Mandatory Insurance Program as referred to in paragraph (3) may not force Policyholders to receive the offer of additional benefits as referred to in paragraph (4).

CHAPTER IX

CHANGE IN OWNERSHIP, MERGER, AND CONSOLIDATION

Article 40

- (1) Any change in the ownership of Insurance Companies must obtain prior approval of the Financial Services Authority.
- (2) In the event that a change in ownership as referred to in paragraph (1) is a change in ownership leading to a direct participation by a foreign party in an Insurance Company, the foreign party must be an Insurance Company which has a similar business or a holding company which has a subsidiary engaged in similar Insurance Business.
- (3) Provisions on Insurance Companies which have similar business or ownership of the parent company of a subsidiary which is engaged in similar insurance business as

referred to in paragraph (2) must be remain fulfilled during the period that the foreign party has participation in the relevant Insurance Company.

- (4) Any change in the ownership of Insurance Companies through transactions in the stock exchange shall be excluded from the provision as referred to in paragraph (1) to the extent that it does not cause a change in control of the Insurance Company.
- (5) To obtain approval, any change in the ownership of Insurance Companies as referred to in paragraph (1) must meet the following provisions:
 - a) The change in ownership does not impair the rights of Policyholders, Insured, or Participants, for Insurance Companies or Sharia Insurance Companies; and
 - b) The change in ownership does not impair the rights of insurers, reinsurers, or managers, for Reinsurance Companies or Sharia Reinsurance Companies.
- (6) Further provisions on the procedures and requirements for change in ownership of Insurance Companies as referred to in paragraph (1), paragraph (2), paragraph (3), paragraph (4) and paragraph (5) shall be regulated in a Regulation of the Financial Services Authority.

Article 41

- (1) Insurance Companies, Sharia Insurance Companies, reinsurance companies or sharia reinsurance companies which shall carry out merger or consolidation must obtain prior approval from the Financial Services Authority.
- (2) Merger or consolidation as referred to in paragraph (1) may only be carried out between Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies whose scope of business is of the same type.
- (3) To obtain approval for merger or consolidation as referred to in paragraph (1), the following provisions must be met:
 - a) The merger or consolidation does not impair the rights of Policyholders, Insured, or Participants, for Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies; and

- b) the financial condition of an Insurance Company, Sharia Insurance Company, reinsurance company, or sharia reinsurance company as a result of the merger or consolidation must remain in compliant with the provisions on financial health.
- (4) Further provisions on merger or consolidation as referred to in paragraph (1) and paragraph (2), and paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER X

DISSOLUTION, LIQUIDATION AND BANKRUPTCY

Article 42

- (1) Insurance Companies which stop their activities must first report the plan on suspension of operations to the Financial Services Authority.
- (2) Insurance Companies as referred to in paragraph (1) must settle all of its obligations.
- (3) In the event that the Insurance Companies as referred to in paragraph (1) have settled all of its obligations, the Financial Services Authority shall revoke the business license of the Insurance Companies.
- (4) Further provisions on the cessation of business activity as referred to in paragraph (1) and settlement of obligations of Insurance Companies as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 43

- (1) Insurance Companies whose business license has been revoked must cease its activities.
- (2) The shareholders, the board of directors, the board of commissioners, or equivalent to shareholders, the board of directors, the board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and employees of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies may not assign, pledge, encumber, or use the

assets, or take other actions which may reduce the assets or decrease the value of the assets of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies since the business license has been revoked.

Article 44

- (1) In a maximum of 30 (thirty) days from the date of revocation of the business license, Insurance Companies, Sharia Insurance Companies, reinsurance companies or sharia reinsurance companies whose license has been revoked must hold a general meeting of shareholders or its equivalent in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c to decide the dissolution of the relevant company and form a liquidation team.
- (2) If within the period as referred to in paragraph (1) the general meeting of shareholders or its equivalent in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c cannot be held or the general meeting of shareholders or its equivalent in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (I) c can be held but fails to decide on the dissolution of the company and fails to form a liquidation team, the Financial Services Authority;
 - a) decide the dissolution of the company and form a liquidation team;
 - b) register and notify the dissolution of the company to the competent authority, and announce it in the Official Gazette of the Republic of Indonesia and 2 (two) daily newspapers which have extensive circulation;
 - c) order the liquidation team to carry out the liquidation in accordance with the provisions of this Law; and
 - d) order the liquidation team to report the results of the liquidation.
- (3) Further provisions on the formation of the liquidation team and reporting on the results of the liquidation by the liquidation team as referred to in paragraph (1) and paragraph (2) are set forth by a Regulation of the Financial Services Authority.

Article 45

- (1) Since the formation of the liquidation team as referred to in Article 44 paragraph (1) and paragraph (2), the responsibility and management of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in the liquidation are performed by the liquidation team.
- (2) Tim liquidation is authorized to represent Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in liquidation in all matters relating to the fulfillment of the rights and obligations of the Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.
- (3) Further provisions on the liquidation of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies as referred to in paragraph (1) and paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 46

- (1) Since the formation of the liquidation team, the board of directors and the board of commissioners, or the equivalent to the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in liquidation do not have the authority as the board of directors and the board of commissioners, or the equivalent to the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.
- (2) Shareholders, the board of directors, the board of commissioners, or the equivalent to shareholders, the board of directors and the board of commissioners in a company in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c,

and employees of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in liquidation must provide data, information and documents required by the liquidation team.

- (3) Shareholders, the board of directors, the board of commissioners, or the equivalent to shareholders, the board of directors and the board of commissioners in a company in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and employees of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in liquidation must not inhibit the liquidation process.

Article 47

- (1) All costs of implementation of the liquidation are specified in the list of liquidation costs which are borne by Insurance Companies, Islamic Insurance Companies, Reinsurance companies, or Sharia Reinsurance company in liquidation and incurred in advance of each disbursement.
- (2) In the event that there are remaining proceeds of the liquidation after payment of all liabilities of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in liquidation, the remaining proceeds liquidation are the right of the shareholders or the equivalent to shareholders in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c.

Article 48

- (1) In the event that there are remaining proceeds of the liquidation as referred to in Article 47 paragraph (2), the invoices arising within a period of 2 (two) years since the liquidation process is completed are filed through the Financial Services Authority to shareholders or the equivalent to shareholders on a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c.

- (2) The invoices as referred to in paragraph (1) will be covered by the proceeds the liquidation to which shareholders or the equivalent to shareholders on a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c shall be entitled.

Article 49

- (1) The liquidation team must act fairly and objectively in carrying out their duties.
- (2) In the event of any conflict of interest between the interests of shareholders or the equivalent to shareholders in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) c and the interests of Policyholders, Insured, or Participants, the liquidation team must put the interests of Policyholders, Insured, or Participants.

Article 50

- (1) Petition for declaration of bankruptcy against any Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies in accordance with the Law may only be filed by the Financial Services Authority.
- (2) Procedures and requirements for petition for declaration of bankruptcy against Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies as referred to in paragraph (1) shall be followed and fulfilled in accordance with the provisions of laws and regulations.
- (3) Petition for declaration of bankruptcy against any Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies as referred to in paragraph (1) may not be filed in order to enforce a court judgment.

Article 51

- (1) A creditor submits a request to the Financial Services Authority to file a petition for declaration of bankruptcy to the commercial court.

- (2) The Financial Services Authority shall approve or reject the request submitted by a creditor as referred to in paragraph (1) not later than 30 (thirty) business days after receipt of the complete request.
- (3) In the event that the Financial Services Authority rejects the request submitted by the creditor as referred to in paragraph (2), the rejection shall be made in writing and specify the reason for the rejection.
- (4) Further provisions on the procedures and requirements for the request and creditor as referred to in paragraph (1), paragraph (2), and paragraph (3) shall be regulated in a Regulation of the Financial Services Authority.

Article 52

- (1) In the event of any Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company is declared bankrupt or liquidated, the right of Policyholders, Insured, or Participants to the distribution of the company's assets is in a higher position than other parties' right.
- (2) In the event that Insurance Companies or Reinsurance Companies are declared bankrupt or liquidated, the Insurance Fund must first be used to fulfill the obligations to Policyholders, Insured or other parties who are entitled to the insurance benefits.
- (3) In the event that there is an excess in the Insurance Fund after the fulfillment of the obligations as referred to in paragraph (2), the excess in the Insurance Fund may be used to fulfill the obligations to third parties other than Policyholders, Insured or other parties who are entitled to insurance benefits.
- (4) In the event that Sharia Insurance Companies or Sharia Reinsurance Companies are declared bankrupt or liquidated, the Tabarru Fund and participants' investment fund may not be used to pay the obligations other than to the Participants.

CHAPTER XI

PROTECTION OF POLICYHOLDERS, INSURED, OR PARTICIPANTS

Article 53

- (1) Insurance Companies and Sharia Insurance Companies must be a participant of a policy guarantee program.
- (2) The implementation of the policy guarantee program as referred to in paragraph (1) must be regulated by law.
- (3) Upon the effective enforcement of law on policy guarantee program as referred to in paragraph (2), the provisions on the Guarantee Fund as referred to in Article 8 paragraph (2) letter d and Article 20 are declared inapplicable to Insurance Companies and Sharia Insurance Companies.
- (4) Law as referred to in paragraph (2) must be formed at the latest 3 (three) years since this Law is promulgated.

Article 54

- (1) Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance Companies must be a member of mediation agency which performs the dispute settlement between Insurance Companies, Sharia Insurance Companies, Reinsurance Companies or Sharia Reinsurance Companies and Policyholders, Insured, Participants, or any other parties who are entitled to the insurance benefits.
- (2) The mediation agency as referred to in paragraph (1) must be independent and impartial.
- (3) The mediation agency as referred to in paragraph (1) must be approved in writing by the Financial Services Authority.
- (4) Mediation agreement is final and binding upon the Parties.
- (5) Further provisions on the mediation agency as referred to in paragraph (1) and paragraph (2), paragraph (3) and paragraph (4) shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER XII

SERVICE PROVIDERS FOR INSURANCE COMPANIES

Article 55

- (1) The professions which are service providers for Insurance Companies are:
- a) actuarial consultant;
 - b) public accountant;
 - c) appraiser; and
 - d) Other professions which are established by Regulation of the Financial Services Authorities.
- (2) To be able to provide services for Insurance Companies, service providers as referred to in paragraph (1) must be registered with the Financial Services Authority.
- (3) Further provisions on the requirements and procedures for the registration of service providers as referred to in paragraph (1) and paragraph (2) must be regulated in a Regulation of the Government.

Article 56

- (1) Registration of service providers as referred to in Article 55 paragraph (2) becomes invalid if the license of a service provider is revoked by the competent authority.
- (2) The services which are provided by service providers as referred to in paragraph (1) prior to the cancellation of the registration will remain valid, unless the services which are rendered are the cause for the cancellation of the registration or revocation of the license of the relevant service provider.
- (3) In the event of the registration of service providers is canceled as referred to in paragraph (1), the Financial Services Authority may investigate and evaluate other services which are provided by the relevant service provider to Insurance Companies to determine if they remain valid.

- (4) In the event that the Financial Services Authority determines that the services which are provided by the service provider as referred to in paragraph (3) are not valid, the Financial Services Authority may order Insurance Companies which use the services of the relevant service provider to appoint other service providers to provide the same services.

CHAPTER XIII REGULATION AND SUPERVISION

Article 57

- (1) Regulation and supervision of insurance business activities are conducted by the Financial Services Authority.
- (2) The Minister sets the general policy for development of the use of insurance and reinsurance to support the national economy.

Article 58

The Financial Services Authority must seek to create healthy competition in the field of Insurance Business.

Article 59

- (1) The Financial Services Authority may assign certain parties for and on behalf of the Financial Services Authority to implement part of its regulatory and supervisory functions.
- (2) Further provisions on the procedures for the assignment and implementation of some of the regulatory and supervisory functions by certain parties as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

Article 60

- (1) In the implementation of the regulatory function as referred to in Article 57 paragraph (1), the Financial Services Authority shall establish regulations in insurance sector.

(2) In the implementation of the supervisory function as referred to in Article 57 paragraph

(1), the Financial Services Authority is authorized to:

- a) approve or reject the application for business license for Insurance Business;
- b) revoke business license for Insurance Business;
- c) approve or reject the application for statement of registration for actuarial consultants, public accountants, appraisers, or others who provide services to Insurance Companies;
- d) cancel statement of registration for actuarial consultants, public accountants, appraisers, or others who provide services to Insurance Companies;
- e) require Insurance Companies to submit periodic reports;
- f) conduct an examination of Insurance Companies and other parties which are or were the affiliated parties or providing or provided services to Insurance Companies;
- g) establish the Controlling Parties and Insurance Companies, Sharia Insurance Companies, reinsurance companies or sharia reinsurance companies;
- h) approve or revoke the approval for the establishment of the Controlling Parties in Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies;
- i) require a Party to stop from becoming a Controlling Party and Insurance Company, Sharia Insurance Company, Reinsurance Company or Sharia Reinsurance Company;
- j) conduct fit and proper test of members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries, internal auditors and the Controlling Parties.
- k) to suspend members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in the legal entity in the form of cooperative or

mutual business as referred to in Article 6 paragraph (1) letter c, and/or members of the sharia supervisory board and establish Statutory Managers.

- l) give a written order to:
 1. a certain party to report on certain things, at the expense of Insurance Companies and to submit the report to the Financial Services Authority;
 2. Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies to transfer part or all of their respective coverage portfolio to other Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies;
 3. Insurance Companies to do or not to do certain things in order to comply with laws and regulations in insurance sector;
 4. Insurance Companies to repair or improve the internal control system to identify and avoid the use of Insurance Companies for commission of financial crimes;
 5. Insurance Companies or Sharia Insurance Companies to stop the marketing of certain insurance products; and
 6. Insurance Companies to remove a person from a certain position, or appoint a person with particular qualifications to sit in a certain position as a replacement, because the person is incompetent, does not meet certain qualifications, is inexperienced, or violates laws and regulations in insurance sector;
- m) impose sanctions on Insurance Companies, shareholders, members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in the legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries, and internal auditors; and
- n) exercise other authority under the laws and regulations.

Article 61

- (1) The examination as referred to in Article 60 paragraph (2) letter f is conducted periodically and/or at any time.
- (2) The Financial Services Authority may assign other parties for and on behalf of the Financial Services Authority to conduct the examination as referred to in paragraph (1).
- (3) For the purpose of examination of members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries, internal auditors, other employees, shareholders, the Controlling Parties, affiliated parties, and the parties who receive the transfer of part of the functions in the business operations for the benefit of Insurance Companies must provide information and/or data, opportunity to inspect all the books, records, documents, and physical facilities which are related to the business activities and other matters which are required by the examining parties.
- (4) For the purposes of the examination, parties who were members of the board of directors, members of the board of commissioners, or the equivalent to members of the board of directors, members of the board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, members of sharia supervisory board, company actuaries, internal auditors, other employees, shareholders, Controlling Parties, affiliated parties, and the parties who receive of part of the functions in the business operations for the benefit of Insurance Companies must provide information and/or data, opportunity to inspect all the books, records, documents, and physical facilities in related to the business activities and other matters which are required by the examining parties.
- (5) Further provisions on the procedure for examination as referred to in paragraph (1) and the criteria and procedure for the assignment of other parties as referred to in paragraph (2) shall be regulated in a Regulation of the Financial Services Authority.

Article 62

- (1) The Financial Services Authority may suspend the board of directors, the board of commissioners, or the equivalent of the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or sharia supervisory board, and establish Statutory Managers to take over the management of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies, in the event that:
- a. the relevant Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company has been sanctioned in the form of restriction on business activities;
 - b. the relevant Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company informs the Financial Services Authority which it considers itself unable to fulfill its obligations or it will stop fulfilling its obligations which are due;
 - c. according to the consideration of the Financial Services Authority, the relevant Insurance Company, Sharia Insurance Company, reinsurance company, or sharia reinsurance company is not expected to fulfill its obligations or it will stop fulfilling its obligations which are due;
 - d. according to the consideration of the Financial Services Authority, the relevant Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company conducts business activities which are not in accordance with laws and regulations in insurance sector or financially it is considered unhealthy; or
 - e. according to the consideration of the Financial Services Authority, the relevant Insurance Company, Sharia Insurance Company, reinsurance company, or sharia reinsurance company has been used to facilitate and/or commit financial crimes;
- (2) The Statutory Manager established by the Financial Services Authority has the duties:

- a. to save the assets and the pool of fund from participants of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies or Sharia Reinsurance Companies;
- b. to control and manage business activities of the Insurance Company, Sharia Insurance Company, Reinsurance Company or Sharia Reinsurance Company in accordance with this Law;
- c. to prepare measures to be taken if the Insurance Company, Sharia Insurance Company, Reinsurance Company or Sharia Reinsurance Company can still be saved;
- d. to submit a proposal which the Financial Services Authority shall revoke the business license of the Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company when it is considered unable to be saved; and
- e. to report their activities to the Financial Services Authority.

(3) Upon the takeover of the Insurance Company, Sharia Insurance Company, Reinsurance Company, or Sharia Reinsurance Company by the Statutory Manager:

- a. the board of directors and the board of commissioners, or the equivalent to the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board may not act as the board of directors and the board of commissioners, or the equivalent to the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board; and
- b. the board of directors and board of commissioners, or the equivalent to the board of directors and the board of commissioners in the legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c,

and/or the sharia supervisory board which are suspended must assist the Statutory Manager in exercising its function as the management.

- (4) The board of directors and board of commissioners, or the equivalent to the board of directors and the board of commissioners in the legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board which are suspended must not resign while their respective function as the management is taken over by the Statutory Manager.
- (5) The Financial Services Authority may at any time dismiss the Statutory Manager.
- (6) Further provisions on the establishment, duties, term of office, and dismissal of the Statutory Manager as referred to in paragraph (1), paragraph (2), and (5) as well as the rights and obligations of the board of directors, the board of commissioners, or the equivalent of the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board which are suspended as referred to in paragraph (3) and paragraph (4) shall be regulated in the Financial Services Regulatory Authority.

Article 63

- (1) Statutory Managers in performing their duties must comply with laws and regulations in insurance sector.
- (2) Statutory Managers must comply with written orders from the Financial Services Authority about the control and management of business activities of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies.
- (3) Statutory Managers take over the control and management of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies since the date of their establishment as Statutory Managers.
- (4) Statutory Managers have all the authority and functions of the board of directors, the board of commissioners, or the equivalent of the board of directors and board of

commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board, and Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies.

(5) In addition to the authority as referred to in paragraph (4), Statutory Managers also have the authority:

- a. to cancel or terminate any agreements made by Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies and third parties, which according to Statutory Managers may be prejudicial to the interests of the company and the Policyholders, Insured, or Participants; and
- b. to carry out transfer of some or all insurance portfolio of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies, which according to Statutory Managers may prevent the Policyholders, Insured, or Participants from sustaining bigger losses.

Article 64

Statutory Managers are liable for the losses of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies and/or any third party if the losses are due to fraud, dishonesty, or willful omission to comply with laws and regulations in insurance sector.

Article 65

(1) The control and management of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies by Statutory Managers will end when the Financial Services Authority has decided:

- a. that the control and management of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies by Statutory Managers is no longer necessary; or

- b. the business license of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies has been revoked.
- (2) Statutory Managers must give accountability for all their decisions and actions in controlling and managing the Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance companies to the Financial Services Authority.

Article 66

- (1) Written orders as referred to in Article 60 paragraph (2) point 1 are given when the Financial Services Authority concludes that Insurance Companies:
- a. conduct their business activities in a manner which is financially not prudent, unreasonable or unhealthy;
 - b. are expected to experience negative financial circumstances or fail to meet their obligations;
 - c. violate laws and regulations in insurance sector; and/or
 - d. are involved in financial crimes.
- (2) Written orders as referred to in paragraph (1) may also be given to the Controlling Parties and Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies.
- (3) Insurance Companies and/or the Controlling Parties of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies must comply with the written instructions as referred to in paragraph (1) and paragraph (2).
- (4) Written orders as referred to in paragraph (1) and (2) may not be used as an excuse by the parties which enter into an agreement with any Insurance Company to cancel or repudiate the agreement, avoid the obligations set forth in the agreement, or do anything which may result in losses to the Insurance Company.

- (5) Parties as referred to in paragraph (4) shall be entitled to compensation from the Insurance Companies if the losses are caused by the written orders given to the Insurance Companies.
- (6) The provision as referred to in paragraph (5) does not apply if the relevant parties are an affiliated party or party which is related to the circumstances which lead to the issuance of written orders by the Financial Services Authority.

Article 67

Other parties who are appointed or assigned by the Financial Services Authority as referred to in Article 59 paragraph (1) and Article 61 paragraph (2) may not use or disclose any confidential information to other parties, except for the purpose of implementation of the functions, duties, and authority based on the decision of the Financial Services Authority or required by law.

CHAPTER XIV ASSOCIATIONS OF INSURANCE BUSINESS

Article 68

- (1) Each Insurance Company must be a member of one of the associations of insurance business in accordance with their type of business.
- (2) Associations of Insurance Business as referred to in paragraph (1) must be approved in writing by the Financial Services Authority.

Article 69

- (1) The Financial Services Authority may assign or delegate certain authority to the Associations in Insurance Business for the purpose of regulation and/or supervision of Insurance Business.
- (2) Further provisions on the assignment and delegation of authority as referred to in paragraph (1) shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER XV ADMINISTRATIVE SANCTIONS

Article 70

The Financial Services Authority may impose administrative sanctions on all Persons who commit violations of the provisions of this Law and its implementing regulations.

Article 71

(1) Any Person who violates the provisions as referred to in Article 2 paragraph (1), paragraph (2), and paragraph (3), Article 3, paragraph (1), paragraph (2), and paragraph (3), Article 4 paragraph (1), paragraph (2), and paragraph (3), Article 7 (1), Article 10 paragraph (1) and paragraph (2), Article 11 paragraph (1), Article 12 paragraph (1), Article 13 paragraph (1), Article 14 paragraph (1), paragraph (2), and paragraph (3), Article 15, Article 16 paragraph (1), Article 17 paragraph (1) and (2), Article 18 paragraph (2) and paragraph (3), Article 19 paragraph (1), paragraph (2), and paragraph (3), Article 20 paragraph (1), paragraph (2), paragraph (3) and paragraph (4), Article 21 paragraph (1), paragraph (2), and paragraph (3), Article 22 paragraph (1), paragraph (3), paragraph (4) and paragraph (5), Article 26 paragraph (1), Article 27 paragraph (1) and paragraph (2), Article 28 paragraph (2), paragraph (4), paragraph (6), paragraph (7) and paragraph (8), Article 29 paragraph (3), paragraph (5) and paragraph (6), Article 30 paragraph (1) and paragraph (2), Article 31 paragraph (1), paragraph (3), and paragraph (4), Article 32 paragraph (1) and paragraph (2), Article 35 paragraph (1) and paragraph (2), Article 36, Article 39 paragraph (5), Article 40 paragraph (1) and paragraph (3), Article 41 paragraph (1), Article 42 paragraph (1) and paragraph (2), Article 46 paragraph (2) and paragraph (3), Article 53 paragraph (1), Article 54 paragraph (1), Article 55 paragraph (2), Article 68 paragraph (1) and Article 86 are subjected to administrative sanctions.

(2) The forms of administrative sanctions as referred to in paragraph (1) are:

- a. written warning;

- b. restriction on part or all of the business activities;
 - c. prohibition from marketing insurance products or sharia insurance products for certain line of business;
 - d. revocation of business license;
 - e. statement of registration for the Insurance Brokers, Reinsurance Brokers and Insurance Agents;
 - f. cancellation of statement of registration for actuarial consultants, public accountants, appraisers, or others who provide services to Insurance Companies;
 - g. cancellation of approval for mediation agencies or associations;
 - h. administrative fines; and/or
 - i. prohibition from becoming shareholders, the Controlling Parties, the board of directors and the board of commissioners, or the equivalent to the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board from holding an executive position below the board of directors or the equivalent to the board of directors in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c in Insurance Companies.
- (3) In the event that according to the opinion of the Financial Services Authority, the condition of the Insurance Company is prejudicial to the interests of the Policyholders, Insured, or Participants, the Financial Services Authority may impose a sanction in the form of revocation of business license without first imposing other administrative sanctions.
- (4) Further provisions on the procedure for imposition of administrative sanctions as referred to in paragraph (1), paragraph (2) and paragraph (3) as well as the amount of administrative fines as referred to in paragraph (2) letter h shall be regulated in a Regulation of the Financial Services Authority.

Article 72

- (1) In the event that any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies are sanctioned in the form of written warning or restriction on business activities, the Financial Services Authority may order:
- a. capital increase;
 - b. replacement of members of the board of directors and members of the board of commissioners, or the equivalent to members of the board of directors and members of the board of commissioners if it is a cooperative or a mutual business as referred to in Article 6 paragraph (1) letter c, members of the sharia supervisory board, company actuaries or internal auditors.
 - c. the board of directors, the board of commissioners, or the equivalent of the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c, and/or the sharia supervisory board to hand over the management of any Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or sharia Reinsurance Companies to Statutory Managers:
 - d. Insurance Companies, Sharia Insurance Companies, Reinsurance companies, or Sharia Reinsurance Companies to transfer part or all of their respective coverage portfolio to other Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies; and/or
 - e. Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies to perform acts which are considered able to overcome difficulties or not to perform acts considered to worsen the condition of the company.
- (2) In the event the acts as referred to in paragraph (1) fail to overcome the difficulties faced by Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies, the Financial Services Authority may revoke the

business license of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies.

- (3) The Financial Services Authority may request the competent authority to block some or all of the assets of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies which are being sanctioned in the form of restriction on business activities because for a reason that they do not meet with the solvency requirement or their business license has been revoked.
- (4) Removal of the restriction of partial or entire assets as referred to in paragraph (3) must be upon approval from the Financial Services Authority.
- (5) Further provisions on the procedure for restriction as referred to in paragraph (3) and the removal of blockade as referred to in paragraph (4) shall be regulated in a Regulation of the Financial Services Authority.

CHAPTER XVI CRIMINAL PROVISIONS

Article 73

- (1) Any Person who conducts Insurance Business, Sharia Insurance Business, Reinsurance Business, or Sharia Reinsurance Business without business license as referred to in Article 8 paragraph (1) is punished with imprisonment for up to 15 (fifteen) years and a fine amounting up to IDR 200,000,000,000.00 (two hundred billion rupiah).
- (2) Any Person who conducts Insurance Brokerage Business or Reinsurance Brokerage Business without business license as referred to in Article 8 paragraph (1) is punished with imprisonment for up to 10 (fifteen) years and a fine amounting up to IDR 200,000,000,000.00 (two hundred billion rupiah).
- (3) Any Person who conducts Insurance Loss-Appraisal Business without business license as referred to in Article 8 paragraph (1) is punished with imprisonment for up to 3 (fifteen) years and a criminal fine amounting up to IDR 1,000,000,000.00 (one billion rupiah).

Article 74

- (1) Any members of the board of directors, members of the board of commissioners, or the equivalent to members the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6, paragraph (1) letter c, members of the sharia supervisory board, actuarial companies, internal auditors, Controlling Parties, or other employees of any Insurance Companies who intentionally provide reports, information, data, and/or documents to the Financial Services Authority as referred to in Article 22 paragraph (1) which are wrong, false and/or misleading are punished with imprisonment for up to 5 (five) years and a criminal fine amounting up to 10,000,000,000.00 (ten billion rupiah).
- (2) Any members of the board of directors, members of the board of commissioners, or the equivalent to members the board of directors and board of commissioners in a legal entity in the form of cooperative or mutual business as referred to in Article 6, paragraph (1) letter c, members of the sharia supervisory board, actuarial companies, internal auditors, Controlling Parties, or other employees of any Insurance Companies who intentionally provide reports, information, data, and/or documents to the parties as referred to in Article 22 paragraph (1) which are wrong, false and/or misleading are punished with imprisonment for up to 5 (five) years and a criminal fine amounting up to 20,000,000,000.00 (twenty billion rupiah).

Article 75

Any Person who intentionally does not provide information or provides information which is wrong, false and/or misleading to the Policyholders, the Insured, or the Participants as referred to in Article 31 paragraph (2) is punished with imprisonment for up to 5 (five) years and a criminal fine amounting up to 5,000,000,000.00 (five billion rupiah).

Article 76

Any Person who embezzles Premiums or Contributions as referred to in Article 28 paragraph (5) and Article 29 paragraph (4) is punished with imprisonment for up to 5 (five) years and a criminal fine amounting up to 5,000,000,000.00 (five billion rupiah).

Article 77

Any Person who commits embezzlement by transferring, pledging, creating security over, or using the assets, or perform other acts which may reduce the assets or decrease the value of the assets of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies as referred to in Article 43 paragraph (2) without having a right to do so is punished with imprisonment for up to 8 (eight) years and a criminal fine amounting up to IDR 50,000,000,000.00 (fifty billion rupiah).

Article 78

Any Person who commits falsification of documents of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, or Sharia Reinsurance Companies as referred to in Article 33 is punished with imprisonment for up to 6 (six) years and a criminal fine amounting up to IDR 5,000,000,000.00 (five billion rupiah).

Article 79

Any members of the board of directors, and/or any persons who sign new policies of Insurance Companies or Sharia Insurance Companies on which currently restrictions on business activities are imposed as referred to in Article 34 shall be punished with imprisonment of up to 5 (five) years and a criminal fine amounting up to IDR 15,000,000,000.00 (fifteen billion rupiah).

Article 80

Any Person, who is appointed or assigned by the Financial Services Authority, who use or disclose any information which is confidential to other parties, except for the purpose of implementation of their functions, duties, and authority pursuant to the decision of the Financial Services Authority or as required by law as referred to in Article 67 is punished with imprisonment for up to 5 (five) years and a criminal fine amounting up to IDR 20,000,000,000.00 (twenty billion rupiah).

Article 81

- (1) In the event that the criminal offenses as referred to in Article 73, Article 75, Article 76, Article 77, Article 78, or Article 80 are committed by a company, the punishment is imposed on the coIDR oration, the Controlling Party, and/or the management who act for and on behalf of the company.
- (2) The punishment is imposed on the company if the crime:
- a. is committed or ordered by the Controlling Party and/or the management who act for and on behalf of the company;
 - b. is committed in order to meet the purpose and objective of the company;
 - c. is committed in accordance with the duties and functions of the person giving or implementing the order; and
 - d. is committed with the intent to benefit the company.

Article 82

The punishment imposed on a company is a criminal fine up to IDR 600,000,000,000.00 (six hundred billion rupiah).

CHAPTER XVII TRANSITIONAL PROVISIONS

Article 83

- (1) Insurance companies which have obtained a business license on the date of the promulgation of this Law are declared to have been granted a business license under this Law.
- (2) Insurance agencies which have obtained a business license on the date of the promulgation of this Law may continue to carry on their business.
- (3) Permits or approvals which have been granted to Insurance Companies with respect to the institution and implementation of Insurance Business on the date of the promulgation of this Law shall remain valid pursuant to this Law.

Article 84

- (1) Actuarial consulting companies which have obtained a business license on the date of the promulgation of this Law may continue to carry on their business.
- (2) Upon the promulgation of this Law, the business licensing, development, and supervision of actuarial consulting companies are carried out by the Minister.

Article 85

- (1) Upon the effective enforcement of this Law, any Party who becomes the controlling shareholder of more than 1 (one) life insurance company, 1 (one) general insurance company, 1 (one) reinsurance company, 1 (one) sharia life insurance company, 1 (one) sharia general insurance company, and 1 (one) sharia reinsurance company must make the necessary adjustment to comply with the provisions of Article 16 (1) in a maximum of three (3) years after the promulgation of this Law.
- (2) Further provisions on the procedure for the adjustment related to the controlling shareholder as referred to in paragraph (1) and sanctions on Parties who do not make the

adjustment related to the controlling shareholder are regulated in a Regulation of the Financial Services Authority.

Article 86

Mutual business as referred to in Article 6 paragraph (1) letter c shall must make the necessary adjustment to comply with this Law and its implementing regulations in a maximum of 3 (three) years after the promulgation of this Law.

Article 87

- (1) In the event Insurance Companies or Reinsurance Companies have a sharia unit whose value of Tabarru' Fund and investment fund of participants has reached at least 50% (fifty percent) of the total value of Investment Fund, Tabarru' Fund and investment fund of participants in their parent company or 10 (ten) years after the promulgation of this Law, Insurance Companies or Reinsurance Companies must conduct the separation of the sharia unit and establish it as Sharia Reinsurance Company or Sharia Reinsurance Company.
- (2) Further provisions on the separation of sharia unit and sanctions on Insurance Companies and Reinsurance Companies which do not conduct the separation of sharia unit as referred to in paragraph (1) are regulated in a Regulation of the Financial Services Authority.

Article 88

- (1) Insurance Companies which have not fulfilled the provision of Article 7 paragraph (1) letter a must fulfill the provision by transferring their shares to Indonesian citizens or change its ownership through the mechanism of initial public offering not later than five (5) years after the promulgation of this Law.
- (2) Further provisions on the procedure for the adjustment related to the ownership as referred to in paragraph (1) and sanctions on Insurance Companies which do not conduct

the adjustment which are related to the ownership are regulated in a Regulation of the Financial Services Authority.

CHAPTER XVIII CLOSING PROVISIONS

Article 89

Provisions in laws and regulations which require coverage of insurance or sharia insurance by all or certain groups in society must comply with the provisions of this Law.

Article 90

Upon the effective enforcement of this Law:

- a. Law Number 2 of 1992 on Insurance Business (State Gazette of the Republic of Indonesia of 1992 Number 13, Supplement to State Gazette of the Republic of Indonesia Number 3467) is repealed and declared invalid;
- b. provisions on the petition for declaration of bankruptcy to the Minister of Finance as set forth in Article 2 paragraph (5) of Law Number 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligation (State Gazette of the Republic of Indonesia Number 131 of 2004, Supplement to State Gazette of the Republic of Indonesia Number 4443) are no longer applicable to Insurance Companies and Reinsurance Companies; and
- c. all laws and regulations which are the implementing regulations of Law Number 2 of 1992 on Insurance Business (State Gazette of the Republic of Indonesia Number 13 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3467), **remain applicable insofar that they do not contravene with the provisions of this Law.**

Article 91

The implementing regulations of this Law must be promulgated in a maximum of 2 (one) years from the promulgation of this Law.

Article 92

This Law comes into force from the date of its promulgation.

For public cognizance, it is hereby ordered that this Law be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta, On 17 October 2014

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed.

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta, On 17 October 2014

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

Signed.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NO 337 OF 2014

ELUCIDATION
LAW OF THE REPUBLIC OF INDONESIA NUMBER 40 OF 2014
ON INSURANCE

I.GENERAL

National development requires and needs adjustments which have to be made in various aspects to accommodate the development of conditions and aspirations of the people. In the insurance industry, at the national and global level, rapid development is characterized by the increasing business volume and the increasing utilization of insurance services by the people. The variety of insurance services is increasing in line with the development of the people's needs for risk management and investment management which are getting inseparable from both personal life and business activities.

In addition to development in the insurance industry, there is also development in other industries of financial services. Development in various industries of financial services have made restrictions and differences in terms of types of services which are provided by the financial services industries less striking. As a result, it is necessary to have an improved, integrated system of regulation and supervision in the financial sector.

The provisions in Law Number 2 of 1992 on Insurance Business (State Gazette of the Republic of Indonesia Number 13 of 1992, Supplement to State Gazette of the Republic of Indonesia Number 3467) are no longer sufficient to serve as the basis for the regulation and supervision of the growing insurance industry. Revision of laws and regulations on insurance is necessary to create an insurance industry which is healthy, reliable, trustworthy, competitive and able to enhance its role in promoting the national development.

Efforts to create an insurance industry of such description are made by the adoption of new provisions and the revision of the existing provisions. These efforts are manifested including in the form of:

1. establishment of a legal basis for the Sharia Insurance Business and Sharia Reinsurance Business;

2. establishment of the legal status for Insurance Companies in the form of mutual business which exists at the time of the promulgation of this Law;
3. improvement in the regulation on the ownership of insurance companies which supports the national interest;
4. greater mandate for Insurance Companies and Sharia Insurance Companies to manage cooperation with other parties in the context of marketing of insurance and sharia insurance services, including agency cooperation; and
5. revision of provisions on the obligation to maintain good corporate governance, financial health, and healthy business practice.

The improved role of insurance industry in promoting the national development will materialize when the insurance industry can better support the people in dealing with the risks they face every day and at the time they start and run a business. Therefore, the Law shall stipulate that Insurance Objects in Indonesia may only be insured with Insurance Companies or Sharia Insurance Companies in Indonesia and the closing of Insurance Objects must take into account the optimization of capacity of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance companies in Indonesia. To support this policy, the Government and/or the Financial Services Authority shall make the efforts to improve the capacity of insurance and reinsurance in Indonesia. This Law also requires the organizing of Mandatory Insurance Programs, such as legal liability to third parties for motorists, on a competitive basis and the provision of fiscal facility to individuals, households, and/or micro, small, and medium-sized enteIDR rises to promote the use of Insurance or Sharia Insurance for risk management.

The enhancement of the role of insurance industry in promoting the national development is also carried out through the accumulation of long-term of funds in large amount, which becomes a source of development funding. Further regulation as mandated by this Law to the Financial Services Authority, especially in terms of the regulation of line of business and

products of Insurance and Sharia Insurance as well as regulation on the management of assets and liabilities of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance Companies will determine the significance of the role of insurance industry.

The regulation in this Law shall also reflect great attention and support to protection of consumers of insurance services, in anticipation of more open trade of services at the regional level, and the adjustments to best practices at the international level for the management, regulation and supervision of insurance industry.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Paragraph (1)

Based on their risk management mechanism, both health insurance business and accident insurance business is appropriately classified as General Insurance Business. However, since the Insurance Object in both lines of business concern human, health insurance business and accident insurance business can also be classified as Life Insurance Business. In practice, both lines of business have been provided, both by general insurance companies and life insurance companies.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 3

Sharia insurance business and Sharia Reinsurance Business are different from conventional insurance business and conventional reinsurance business. Insurance business and Reinsurance Business which are conventionally managed use the concept of transfer of risk, while sharia insurance business and Sharia Reinsurance Business use risk sharing concept. Considering the different underlying concept in the implementation of their business, Sharia Insurance Business and Sharia Reinsurance business which are now permitted to be formed as a business unit in conventional insurance companies and reinsurance companies will be encouraged to be conducted by a separate entity.

Article 4

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Any Parties which intend to organize General Insurance Business, Life Insurance Business, Sharia General Insurance Business, or Sharia Life Insurance Business which is a legal entity in the form of mutual business after this Law is promulgated are encouraged to form a cooperative instead due to the clarity in terms of its governance and the principle of collective endeavor based on the familiar principle.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Matters regulated in a Regulation of the Government include the governance, requirements and procedure for a change to limited liability company or cooperative, as well as the requirements and procedure for the dissolution of mutual business.

Article 7

Paragraph (1)

In open and fast-growing economy, there is an increasing demand for diverse quality insurance or risk management services provided by Insurance Companies which are healthy, reliable, trustworthy, and competitive. Therefore, the Insurance Companies need to be built with strong capital, deriving from both Indonesia and overseas.

Letter a

Self-explanatory.

Letter b

Foreign ownership in Insurance Companies is qualitatively limited. Qualitative limitation is applied by imposing the requirement that at the time of establishment of Insurance Companies, the foreign parties which may be the owner are foreign legal entities which have similar Insurance Business or a holding company with a subsidiary engaged in similar Insurance Business. The purpose of the requirement in mandating the foreign parties to have similar Insurance Business is that the foreign partners which will be one of the owners of Insurance Companies in Indonesia is an Insurance Company which has real business experience in the field of insurance so that it is expected there will be capital transfer and knowledge and technology transfer to the Indonesian parties.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Regulation of the Governments will determine, among other, quantitative limitation of ownership by foreign legal entities. The limitation may be in the form of maximum percentage of foreign ownership in Insurance Companies.

Quantitative limitation requires flexibility to adapt to the dynamic needs and availability of funds in the country.

The limit of ownership of Insurance Companies by foreign legal entities must be consulted with the House of Representatives of the Republic of Indonesia and the Financial Services Authority.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Further provisions on the requirements and procedures for licensing including competence or expertise requirements in the field of insurance business are in line with the standards set by the Financial Services Authority, including those applicable to the management and foreign experts.

Article 9

Paragraph (1)

The period of 30 (thirty) business days includes the time to clarify data or information in documents required to obtain a business license.

Paragraph (2)

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Paragraph (1)

The feasibility and propriety requirements for members of the sharia supervisory board include integrity and competence related to the duties and functions of the sharia supervisory board as well as experience and expertise in the field of sharia insurance business.

Paragraph (2)

Self-explanatory.

Article 13

Paragraph (1)

The determination of the Controlling Party is necessary for the Financial Services Authority is able to determine a Party to be held accountable, in addition to the board of directors and the board of commissioners, in case of the company fails to fulfill its obligations to the policyholders, the insured, or the Participants due to the influence of the Party in the management of the company.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 14

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The approval is required for, among other, that a Party that is no longer a Controlling Party no longer has the obligation to be responsible for the losses of an Insurance Company, Sharia Insurance Company, reinsurance company, or sharia reinsurance company caused by the Party previously in control.

Paragraph (4)

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

The purpose of exception in this provision is that the state may own and/or control more than a company with similar business to provide insurance services for certain target groups or in certain areas, to be a pioneer in the insurance business activities that cannot be conducted by the private sector, or to provide other benefits for the people.

Paragraph (3)

Matters to be regulated in a Regulation of the Financial Services Authority shall include shareholding and procedures for consolidation of companies.

Article 17

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Matters to be regulated in a Regulation of the Financial Services Authority shall include the types, number, requirements, duties, responsibilities, and authority of experts and actuaries.

Article 18

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

"standards of selection" are the minimum requirements for a Party that become prospective partner with Insurance Companies.

"Accountability" is Insurance Companies' confidence in the ability and experience of companies of the prospective partners and the clarity of accountability by Insurance Companies of activities or functions carried out by other parties.

Paragraph (4)

The provisions in a Regulation of the Financial Services Authority include those on the types, value and duration of transfer of functions that may be made by Insurance Companies, including Insurance loss-appraisal companies, to other parties, especially foreigners.

Article 19

Paragraph (1)

Self-explanatory.

Paragraph (2)

The purpose of this provision is to ensure that the Insurance Fund or Tabarru' Fund is well managed, considering the fact that the Insurance Fund or Tabarru' Fund are used to meet the

obligations to the Policyholders, the Insured, or Participants. The obligation to perform an evaluation of the Insurance Fund or Tabarru' is also performed in other countries.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 20

Paragraph (1)

The Guarantee Fund is created to provide guarantee on compensation of some or all rights of the Policyholders, the Insured, or the Participants in the case the company is liquidated. Thus, the Guarantee Fund is for protection of the Policyholders, the insured, or the Participants.

Paragraph (2)

In general, the development of business will result in the increase of liabilities of the company to the Policyholders, the insured, or the Participants. It also means that the increasing rights of the Policyholders, the Insured, or the Participants whose payment need to be guaranteed if the company is liquidated.

Paragraph (3)

The purpose of this provision is to ensure the use of the Guarantee Fund to pay most or all of the rights of the Policyholders, the Insured, or the Participants if the company is liquidated.

Paragraph (4)

The purpose of the provision is to prevent misuse of the Guarantee Fund.

Paragraph (5)

Further provisions on the Guarantee Fund include on the types of assets that can be used as the Guarantee Fund, the minimum amount of the Guarantee Fund to be owned by the company, the adjustment of the amount of the Guarantee Fund based on the volume of business, the procedure for transfer or disbursement of the Guarantee Fund, and its administration.

Article 21

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The separation of assets and liabilities is carried out by considering the balance between business development and consumer protection.

Article 22

Paragraph (1)

The reports which must be submitted by Insurance Companies to the Financial Services Authority shall include the financial statements, business activity reports, and automatic reinsurance support program reports. In addition, in a certain situation or for a certain purpose, Insurance Companies may be required to submit thematic reports, such as reports on risk profile and corporate governance.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The financial position, financial performance and financial health announced in daily newspapers at least cover the financial health ratio in accordance with the provisions on the financial health of Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies. The announcement in electronic media is posted on the company's website and the website of the Financial Services Authority.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

The provisions in the Regulation of Financial Services Authority shall include type, form, and structure of reports or announcements, as well as the schedule and the deadline for submission of the reports and announcements.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Paragraph (1)

The provisions on the standards of business conduct of Sharia Insurance Companies and sharia reinsurance companies must be based on the Sharia Principles.

Paragraph (2)

The regulation of standards of business conduct in the Regulation of the Financial Services Authority is adapted to the type of business of each Insurance Company.

Article 27

Self-explanatory.

Article 28

Self-explanatory.

Article 29

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)

The intermediary services fee may be directly paid by the Policyholders or be part of the Premium. In the event the intermediary services fee is part of the Premium, the policy or a document that constitutes an integral part of the policy must contain details on part of the Premium which will be forwarded to Insurance Companies and intermediary services fee to be paid to Insurance Brokerage Companies.

Article 30

Self-explanatory.

Article 31

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

"Fast" means that the handling of claims and complaints is made promptly, in the shortest possible time, and skillfully.

"Simple" means that the handling of claims and complaints is straightforward and uncomplicated.

"Accessible" means the claims and complaints are handled in the company's office or other places that are easy to visit, or handled by utilizing technology which allows people to submit claims or complaints and get responses.

"Fair" means that the claims and complaints are handled by adhering to the truth, and impartiality, as well as avoidance of arbitrary acts.

Paragraph (4)

Acts that can cause slowdown in the settlement or payment of claims include:

- a.extension of the settlement of claims by requesting the submission of certain documents, which are followed by requesting the submission of other documents that essentially contain the same thing;
- b.delay in the settlement and payment of claims due to waiting for the settlement and/or payment of reinsurance claims;
- c.failure to settle a claim which is part of the insurance coverage because it is connected to the settlement of a claim which constitutes another part of the insurance coverage in 1 (one) policy;
- d.delay in the designation of an insurance loss adjusting company, if an insurance loss adjusting company is required in the settlement of the claim; and
- e.application of procedures for settlement of the claim which are not in accordance with generally accepted practices in insurance business.

Paragraph (5)

Self-explanatory.

Article 32

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Paragraph (1)

This provision is based on the consideration that cooperative or mutual business has a limited ability to raise capital. However, a cooperative or mutual business must ensure its ability to meet its obligations to the Policyholders, the Insured, or the Participants.

Paragraph (2)

This purpose of the provision is to confirm the concept of collective insurance and risk sharing among members, and to prevent members from only becoming financiers of insurance business carried on by the Insurance Companies and Sharia Insurance Companies in the form of cooperative or mutual business as referred to in Article 6 paragraph (1) letter c.

Paragraph (3)

This purpose of the provision is to confirm the concept of collective insurance and risk sharing among members, and to prevent members from only becoming financiers.

Paragraph (4)

Self-explanatory.

Paragraph (5)

"Financial requirements" include the amount of principal savings and mandatory savings that must be paid by members.

Article 36

The purpose of this provision is to encourage Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies to perform their function as an insurer and/or reinsurer.

The utilization of reinsurance capacity in the country is optimized by placing as much reinsurance in Insurance Companies and/or Reinsurance Companies in the country, individually or jointly, by taking into account the principles of risk management, particularly spread of risk.

Article 37

The Government and/or the Financial Services Authority, individually and jointly, may take steps, such as:

- a.forming a new reinsurance company;
- b.merging several state-owned companies engaged in field of insurance and establish the company resulting from the merger as a reinsurance company;
- c.providing facilities for the establishment of pool or consortium of insurance for certain risks, such as risk of natural disasters; or
- d.avoiding double taxation in the insurance industry.

Article 38

Self-explanatory.

Article 39

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The Financial Services Authority must set the requirements for any parties that will provide a Mandatory Insurance Programs, such as large capital and availability of business infrastructure.

Paragraph (4)

"Additional benefits" means the amount of benefits provided and not the addition to the variety of types of benefits.

Paragraph (5)

Self-explanatory.

Article 40

Paragraph (1)

The change in ownership may include a change in the composition of share, acquisition and the addition of new shareholders.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Matters regulated in a Regulation of the Financial Services Authority include transfer of insurance portfolio or refund to the Policyholders or the Insured before insurance companies or reinsurance companies cease their activities.

Article 43

Self-explanatory.

Article 44

Paragraph (1)

The liquidation of a company whose business license has been revoked has to be performed immediately to protect the interests of the Policyholders, the Insured, or the Participants.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 45

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Matters regulated in a Regulation of the Financial Services Authority include:

a.mechanism for the dissolution of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies;

b.number of members of the liquidation team;

c.income of the liquidation team;

d.procedures of liquidation;

e.period of liquidation;

f.supervision of liquidation by the Financial Services Authority;

g.procedures for the transfer of assets and liabilities of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies; and
h.accountability of the liquidation team.

Article 46

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Paragraph (1)

The invoice submitted by the Financial Services Authority is intended to facilitate the billing process, but the Financial Services Authority does not verify the invoice.

Paragraph (2)

Self-explanatory.

Article 49

Self-explanatory.

Article 50

Paragraph (1)

In line with the scope of the duties of the Financial Services Authority one of which is to perform the regulatory and supervisory system which is integrated to all activities in the financial services sector, the authority to file an application for bankruptcy against any Insurance Companies, Sharia Insurance Companies, reinsurance companies and sharia reinsurance companies which was originally held by the Minister of Finance pursuant to Law Number 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligation is granted to the Financial Services Authority under this Law.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 51

Self-explanatory.

Article 52

Self-explanatory.

Article 53

Paragraph (1)

The purpose of policy guarantee program is to ensure the payment of some or all rights of the Policyholders, the Insured, or the Participants from Insurance Companies or Sharia Insurance Companies whose business license has been revoked and which are liquidated.

In addition, the policy guarantee program is formed to increase public confidence in the insurance industry in general so it is expected to increase the interest of society to take out insurance.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 54

Paragraph (1)

Self-explanatory.

Paragraph (2)

"Independent" means free from influence of other parties. "Impartial" means not in favor of one of the parties to a dispute.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 55

Paragraph (1)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"Appraiser" means an assets appraiser.

Letter d

Self-explanatory.

Paragraph (2)

This provision is based on the consideration that Insurance Business has unique characteristics which make professional service providers for Insurance Companies must meet certain qualifications.

Paragraph (3)

Self-explanatory.

Article 56

Self-explanatory.

Article 57

Paragraph (1)

The regulation and supervision of activities in Insurance Business by the Financial Services Authority include aspects of governance, business conduct, and financial health.

"Control" means control through report analysis, inspection, and investigation.

Paragraph (2)

General policies in order to increase the use of insurance and reinsurance to support the national economy include the foreign ownership of Insurance Companies, insurance capacity building, sharia insurance, reinsurance and sharia reinsurance in the country and to provide fiscal facilities to individuals, households and/or micro, small, and medium-sized enteIDR rises.

Article 58

Self-explanatory.

Article 59

Self-explanatory.

Article 60

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Letter f

Self-explanatory.

Letter g

Self-explanatory.

Letter h

Self-explanatory.

Letter i

Self-explanatory.

Letter j

Self-explanatory.

Letter k

Self-explanatory.

Letter l

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

Self-explanatory.

Number 4

Self-explanatory.

Number 5

The certain insurance products the marketing of which may be stopped if the products may harm the Policyholders, the Insured, or the Participants, products which are in contradiction with laws and regulations as well as the norms among the people, and/or products that may harm the finance of Insurance Companies, Sharia Insurance Companies, reinsurance companies, or sharia reinsurance companies.

Number 6

Self-explanatory.

Letter m

Self-explanatory.

Letter n

Self-explanatory.

Article 61

Paragraph (1)

Examination may be conducted at the office of an Insurance Companies and/or at the office of the Financial Services Authority. The examination at the office of Insurance Companies may be conducted on all aspects of business activities of Insurance Companies and/or on specific aspects of the implementation of business activities of Insurance Companies. The examination at the office of the Financial Services Authority is conducted only on certain aspects on the implementation of business activities of Insurance Companies.

The examination at the office of the Financial Services Authority may be followed by an examination at the office of Insurance Companies if:

a.the examined data, documents, and/or information from Insurance Companies cannot provide sufficient reasons for the employees of the Financial Services Authority and/or other parties appointed by the Financial Services Authority to conduct examination at the office of the Financial Services Authority to draw a conclusion on the results of the examination at the office Financial Services Authority; and/or

b.there is a response from the Insurance Companies towards the conclusion drawn from the examination conducted at the office of the Financial Services Authority.

Paragraph (2)

"Other parties" means anybody, institution, agency, or person, within and outside the Financial Services Authority. The parties include public accountant, consulting actuary, loss adjuster, investigator-civil servant and/or investigator from the Indonesian National Police.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 62

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

"Assets" include securities, land, buildings, and vehicles.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

This provision is based on the fact that the non-active board of directors and board of commissioners of the Insurance Company are considered to have the best knowledge on the financial condition and operations of the Insurance Company which is being taken over by a Statutory Manager.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 63

Paragraph (1)

Self-explanatory.

Paragraph (2)

"Written order" is an order in writing to carry out or not to carry out certain activities in order to meet the provisions of laws and regulations in the financial services sector and/or to prevent and reduce the losses of the Policyholders, the Insured, or the Participants.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Paragraph (1)

Self-explanatory.

Paragraph (2)

This provision is based on the fact that the Controlling Party has an important role, either directly or indirectly, to influence the management or policies of an Insurance Company.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 67

Information held by the Financial Services Authority may be confidential information, including information related to the stability of the national economy and information related to the protection of interests of Insurance Business from unfair competition. The confidential information may be accessed by employees of the Financial Services Authority or other parties appointed and/or assigned by the Financial Services Authority.

Article 68

Paragraph (1)

This purpose of this provision is to enhance the role of associations in regulating members (self-regulatory) and ensure smooth coordination with the Financial Services Authority.

Paragraph (2)

Self-explanatory.

Article 69

Paragraph (1)

The assignment or delegation of certain authority of the Financial Services Authority to associations include the assignment or delegation of authority to prepare standards of business ethics and code of conduct), to establish the risk profile and mortality tables, and to implement and establish certification of agency.

Paragraph (2)

Self-explanatory.

Article 70

Self-explanatory.

Article 71

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The examples of conditions that may harm the interests of the Policyholders, the Insured, or the Participants include drastically deteriorating financial condition, uncooperative shareholders, and/or the board of directors and the board of commissioners, or the equivalent to the board of directors and the board of commissioners in a legal entity in the form of cooperative or mutual business as referred in Article 6 paragraph (1) letter c not having a solution to overcome the problem.

Paragraph (4)

Self-explanatory.

Article 72

Self-explanatory.

Article 73

Self-explanatory.

Article 74

Self-explanatory.

Article 75

Self-explanatory.

Article 76

Self-explanatory.

Article 77

Self-explanatory.

Article 78

Self-explanatory.

Article 79

Self-explanatory.

Article 80

Self-explanatory.

Article 81

Self-explanatory.

Article 82

Self-explanatory.

Article 83

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

"Permits" means permits other than business license. Examples of permits or approvals include permit to market insurance products and approval for bancassurance.

Article 84

Self-explanatory.

Article 85

Self-explanatory.

Article 86

Self-explanatory.

Article 87

Paragraph (1)

Self-explanatory.

Paragraph (2)

The provisions in a Regulation of the Financial Services Authority shall include provisions on the obligation to prepare a work plan and the company's obligation to inform the separation plan to the Policyholders and the Participants.

Article 88

Self-explanatory.

Article 89

Provisions which must be compliant include provisions on the aspects of Mandatory Insurance Program in the laws and regulations on the mandatory insurance fund for passenger accident and road traffic accident.

Article 90

Self-explanatory.

Article 91

Self-explanatory.

Article 92

Self-explanatory.

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