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

Number: 68/POJK.05/2016

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Title: BUSINESS LICENSING AND INSTITUTIONAL AFFAIRS OF
INSURANCE BROKERAGE COMPANY, REINSURANCE BROKERAGE
COMPANY, AND INSURANCE LOSS ADJUSTER COMPANY

BY THE GRACE OF THE ALMIGHTY GOD

BOARD OF COMMISSIONERS OF FINANCIAL SERVICE AUTHORITY,

Considering:

whereas to implement the provisions of Article 8 paragraph (4), Article 10 paragraph (4), Article 17 paragraph (3), Article 27 paragraph (3), Article 40 paragraph (6), Article 69 paragraph (2), and Article 88 paragraph (2) of Law Number 40 Year 2014 regarding Insurance, it is necessary to stipulate Regulation of Financial Service Authority regarding Business Licensing and Institutional Affairs of Insurance Brokerage Company, Reinsurance Brokerage Company, and Insurance Loss Adjuster Company;

In view of:

1. Law Number 21 Year 2011 regarding Financial Service Authority (State Gazette of the Republic of Indonesia Year 2011 Number 111, Supplement to the (State Gazette of the Republic of Indonesia Number 5253);
2. Law Number 40 Year 2014 regarding Insurance ((State Gazette of the Republic of Indonesia Year 2014 Number 337, Supplement to the (State Gazette of the Republic of Indonesia Number 5618);

HAS DECIDED:

To stipulate:

REGULATION OF FINANCIAL SERVICE AUTHORITY REGARDING BUSINESS
LICENSING AND INSTITUTIONAL AFFAIRS OF INSURANCE BROKERAGE
COMPANY, REINSURANCE BROKERAGE COMPANY, AND INSURANCE LOSS
ADJUSTER COMPANY.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Regulation of Financial Service Authority, referred to as:

1. Company shall be Insurance Brokerage Company, Reinsurance Brokerage Company, and Insurance Loss Adjuster Company.
2. Insurance Brokerage Business shall be consultation and/or brokerage service business in the closing of insurance or sharia insurance as well as handling the claim settlement by acting for and on behalf of policyholder, the insured, or participant as intended in Law Number 40 Year 2014 regarding Insurance.
3. Reinsurance Brokerage Business shall be consultation and/or brokerage service business in reinsurance placement or sharia reinsurance placement as well as handling the claim settlement by acting for and on behalf of insurance company, sharia insurance company, surety company, sharia surety company, reinsurance company, or sharia reinsurance company that performs reinsurance or sharia reinsurance placement as intended in Law Number 40 Year 2014 regarding Insurance.
4. Insurance Loss Adjuster Business shall be claim adjuster service and/or consultation service business upon insurance object as intended in Law Number 40 Year 2014 regarding Insurance.
5. Insurance Brokerage Company shall be company that organizes Insurance Brokerage Business.
6. Reinsurance Brokerage Company shall be company that organizes Reinsurance Brokerage Business.
7. Insurance Loss Adjuster Company shall be company that organizes Insurance Loss Adjuster Business.
8. Insurance Broker shall be person who works at the Insurance Brokerage Company and complies with requirements to provide recommendation or to represent policyholder, the insured, or participant in performing closing of insurance or sharia insurance and/or claim settlement as intended in Law Number 40 Year 2014 regarding Insurance.
9. Reinsurance Broker shall be person who works at the Reinsurance Brokerage Company and complies with requirements to provide recommendation or to represent the insurance company, sharia insurance company, surety company, sharia surety company, reinsurance company, or sharia reinsurance company in performing closing of reinsurance or sharia reinsurance and/or claim settlement as intended in Law Number 40 Year 2014 regarding Insurance.
10. Paid-up Capital:
 - a. for Company having the legal status of limited liability company shall be paid-up capital; or
 - b. for Company having the legal status of cooperative shall be principal savings and mandatory savings.
11. Party shall be person or business entity, whether incorporated or not as intended in Law Number 40 Year 2014 regarding Insurance.

12. Controller shall be Party that directly or indirectly has the capacity to determine the board of directors, board of commissioners, or the equivalent to the board of directors or board of commissioners of legal entity in the form of cooperative or joint venture and/or to influence the actions of the board of directors, board of commissioners, or the equivalent to the board of directors or board of commissioners of legal entity in the form of cooperative or joint venture as intended in Law Number 40 Year 2014 regarding Insurance.
13. General Meeting of Shareholders, hereinafter abbreviated as RUPS, shall be general meeting of shareholders as intended in Law Number 40 Year 2007 regarding Limited Liability Company for Company having the legal status of limited liability company or the equivalent to RUPS for Company having the legal status of cooperative.
14. Board of Directors shall be board of directors as intended in Law Number 40 Year 2007 regarding Limited Liability Company for Company having the legal status of limited liability company or the equivalent to the Board of Directors for Company having the legal status of cooperative.
15. Board of Commissioners shall be Board of Commissioners as intended in Law Number 40 Year 2007 regarding Limited Liability Company for Company having the legal status of limited liability company or the equivalent to the Board of Commissioners for Company having the legal status of cooperative.
16. Professional Certification Agency shall be executive agency of professional certification activities that has obtained license from the state agency authorized to provide license to Professional Certification Agency in Indonesia.
17. Expert Staff shall be individual that has certain qualification and/or expertise and appointed as Expert Staff at the Company where he is employed.
18. Association shall be association of Insurance Brokerage Company, Reinsurance Brokerage Company, Insurance Loss Adjuster Company, or competency profession within the business of the Company.
19. Financial Service Authority, hereinafter abbreviated as OJK, shall be independent agency having the function, duties, and authority of regulation, supervision, audit, and investigation as intended in Law Number 21 Year 2011 regarding Financial Service Authority.

CHAPTER II LEGAL STATUS, OWNERSHIP, COMPANY NAME, AND CAPITAL

Part One Legal Status

Article 2

Legal status of the Company shall be:

- a. limited liability company; or
- b. cooperative.

Part Two
Ownership

Article 3

- (1) Company may only be owned by:
 - a. Indonesian citizen and/or Indonesian legal entity that is fully owned, directly or indirectly, by Indonesian citizen; or
 - b. Indonesian citizen and/or Indonesian legal entity as intended in sub-paragraph a, jointly with foreign citizen or foreign legal entity that must constitute a Company that has similar business or holding company in which one of the subsidiaries is engaged in similar field of insurance business.
- (2) Foreign citizen as intended in paragraph (1) sub-paragraph b may become owner of the Company only through transaction in stock exchange.
- (3) Criteria of foreign legal entity and ownership of foreign legal entity as intended in paragraph (1) sub-paragraph b as well as ownership of foreign citizen as intended in paragraph (2) in the Company shall be based on Government Regulation regarding foreign ownership in insurance company.

Article 4

- (1) Company that has obtained business license at the time of promulgation of Law Number 40 Year 2014 regarding Insurance and has not complied with the provisions as intended in Article 3 paragraph (1) sub-paragraph a shall be required to adjust to the provisions by:
 - a. transferring the shareholding to Indonesian citizen; or
 - b. performing change of ownership through the mechanism of initial public offering,by no later than 5 (five) years as from the promulgation of Law Number 40 Year 2014 regarding Insurance.
- (2) Change of ownership through the mechanism of initial public offering as intended in paragraph (1) sub-paragraph b may be performed in the event that Company has made efforts of transfer of shareholding to Indonesian citizen as intended in paragraph (1) sub-paragraph a.
- (3) In the context of compliance with the provisions as intended in paragraph (1), Company shall be required to prepare action plan that includes at least method of adjustment, stages of implementation, and period.
- (4) Action plan as intended in paragraph (3) must obtain approval of RUPS.
- (5) Action plan that has obtained approval of RUPS as intended in paragraph (4) must be submitted by the Board of Directors of the Company to OJK by no later than 6 (six) months as from the promulgation of this Regulation of OJK.

- (6) OJK shall grant approval for or request for improvement upon the action plan as intended in paragraph (5) by no later than 20 (twenty) workdays as from the date of receipt of action plan.
- (7) Company may make changes to the action plan that has obtained approval from OJK a maximum of 3 (three) times.
- (8) Provisions regarding action plan as intended in paragraph (4) up to paragraph (6), shall apply *mutatis mutandis* to the change of action plan as intended in paragraph (7).
- (9) Company shall be required to submit the implementation of action plan that has obtained approval as intended in paragraph (6) to OJK by no later than 10 (ten) workdays as from the realization of action plan or in accordance with stages of action plan.

Part Three Company Name

Article 5

- (1) Company must use the Company name that starts with the legal status and containing words:
 - a. *Pialang Asuransi*, insurance broker, or words that characterize the activities of Insurance Broker for Insurance Brokerage Company;
 - b. *Pialang Reasuransi*, reinsurance broker, or words that characterize the activities of Reinsurance Broker for Reinsurance Brokerage Company; or
 - c. insurance loss adjuster, adjuster, or words that characterize the activities of insurance loss adjuster for Insurance Loss Adjuster Company.
- (2) The use of Company name as intended in paragraph (1) for Company having the legal status of limited liability company must comply with the provisions of laws and regulations regarding limited liability company.
- (3) Company name must be specified clearly in the office building, advertisement, and Company letterhead.
- (4) OJK shall be authorized to request the Company to change the Company name if the Company name is not in accordance with the provision as intended in paragraph (1).

Part Four Capital

Article 6

- (1) Insurance Brokerage Company must have Paid-up Capital at the time of establishment of at least Rp3.000.000.000,00 (three billion rupiah).
- (2) Reinsurance Brokerage Company must have Paid-up Capital at the time of establishment of at least Rp5.000.000.000,00 (five billion rupiah).

- (3) Insurance Loss Adjuster Company must have Paid-up Capital at the time of establishment of at least Rp500.000.000,00 (five hundred million rupiah).
- (4) Paid-up Capital as intended in paragraph (1) up to paragraph (3) must be deposited in cash and full in the form of time deposit and/or clearing account in the name of Insurance Brokerage Company, Reinsurance Brokerage Company, or Insurance Loss Adjuster Company in a commercial bank, sharia commercial bank, or sharia business unit of a commercial bank in Indonesia.

Article 7

- (1) Shareholder Company in the form of foreign legal entity must have the lowest rating of A or the equivalent from internationally acknowledged rating agency.
- (2) For shareholder in the form of foreign legal entity and constitutes holding company in which one of the subsidiaries is engaged in similar field of insurance business, compliance of the provisions on rating as intended in paragraph (1) may be fulfilled by rating of one of the subsidiaries that is engaged in similar field of insurance business.
- (3) For shareholder of Company in the form of Indonesian legal entity, the amount of direct participation in the Company shall be set forth at the maximum amount of shareholder's equity.
- (4) Provisions on the amount of direct participation as intended in paragraph (3) shall not be valid for shareholder of Company that constitutes financial service agency that is under the supervision of OJK.
- (5) For financial service agency that is under the surveillance of OJK, the amount of direct participation in the Company must be performed in accordance with the provisions of laws and regulations regarding investment and/or participation.
- (6) Amount of direct participation as intended in paragraph (3) must be met at the time the concerned legal entity performs:
 - a. deposit of establishment capital of the Company;
 - b. change of Company's shareholder; and/or
 - c. addition to Paid-up Capital to the Company.

CHAPTER III BUSINESS LICENSING

Part One Requirements and Procedures for Obtaining Business License

Article 8

- (1) Every Party that organizes Insurance Brokerage Company, Reinsurance Brokerage Company, or Insurance Loss Adjuster Business shall be required to obtain business license first from OJK.

- (2) To obtain business license as intended in paragraph (1), the Board of Directors must submit an application for business license to OJK.

Article 9

- (1) Application for business license as intended in Article 8 paragraph (2), must be submitted by the Board of Directors to OJK by using format 1 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.

- (2) Submission of application for business license as intended in paragraph (1) must be enclosed with the following documents:

- a. copy of deed of establishment of legal entity that has been validated by the competent agency, which must indicate at least:

1. name and domicile;
2. purpose and objective as well as business activities;
3. capital;
4. ownership; and
5. authorities, responsibilities, and term of service of members of the Board of Directors and members of the Board of Commissioners,

and copy of deed of amendment to the articles of association (if any) as well as furnished with copy of proof of approval and/or proof of receipt of notice from the competent agency;

- b. organizational structure that is furnished with description of duties, authorities, responsibilities, and work procedures;

- c. copy of proof of full payment of Paid-up Capital in the form of cash deposit and copy of proof of placement of minimum Paid-up Capital in the form of time deposit and/or clearing account in a commercial bank, sharia commercial bank, or sharia business unit of a commercial bank and legalized by the deposit receiving bank that is still valid during the process of application for business license;

- d. list of ownership, in the form of:

1. list of shareholders and the details of volume of each shareholding and the entire structure of business group related to the Company and legal entity of owner of the Company up to the latest owner, for Company having the legal status of limited liability company; or
2. list of members and the amount of principal savings and mandatory savings, for Company having the legal status of cooperative;

- e. data of shareholders or members other than Controller:

1. individual, enclosed with:

- a) copy of identification in the form of valid identity card (KTP) or passport;
- b) copy of taxpayer identification number (NPWP);
- c) copy of tax return (SPT) of the last 2 (two) years and other documents showing the financial capability as well as source of funds of candidate individual shareholder;
- d) curriculum vitae that is furnished with the latest color photograph sized 4 x 6 cm; and
- e) letter of statement from the concerned person stating that:
 - 1) the capital deposit does not originate from loan;
 - 2) the capital deposit does not originate from money laundering activities and financial crime;
 - 3) he/she does not have non-performing credit and/or financing;
 - 4) he/she is not included as the Party that is prohibited from become shareholder or Party that manages, supervises, and/or has significant influence in financial service agency;
 - 5) he/she has never been punished because of committing criminal acts in the field of financial services and/or economy based on court ruling that has obtained binding legal force within the last 5 (five) years;
 - 6) he/she has never been punished because of conducting felony based on court ruling that has obtained binding legal force within the last 5 (five) years;
 - 7) he/she has never been declared bankrupt or guilty of causing a company to be declared bankrupt based on court ruling that has obtained binding legal force within the last 5 (five) years; and
 - 8) he/she has never become controlling shareholder, member of the Board of Directors, member of the Board of Commissioners, Controller, or member of DPS in financial service company in which its business license is revoked because of performing breach within the last 5 (five) years;

2. legal entity, enclosed with:

- a) copy of deed of establishment of legal entity including articles of association and the amendments (if any),

furnished with copy of proof of legalization, copy of proof of approval, and/or copy of proof of receipt of notice from the competent agency;

- b) financial statement that has been audited by public accountant and furnished with non-consolidated financial statement and financial statement of the last month;
 - c) documents as intended in paragraph (2) sub-paragraph e figure 1 letter a), letter b), and letter d), for the board of directors or the equivalent to the board of directors of the concerned legal entity; and
 - d) letter of statement of the board of directors or the equivalent to the board of directors of the concerned legal entity stating that:
 - 1) the capital deposit does not originate from loan;
 - 2) the capital deposit does not originate from money laundering activities and financial crime;
 - 3) it does not have non-performing credit and/or financing;
 - 4) it is not included as the Party that is prohibited from becoming shareholder or Party that manages, supervises, and/or has significant influence in financial service agency;
 - 5) it has never been punished because of conducting criminal acts in the field of financial services and/or economy based on court ruling that has obtained binding legal force within the last 5 (five) years;
 - 6) it has never been declared bankrupt or declared guilty of causing a company to be declared bankrupt based on court ruling that has obtained binding legal force within the last 5 (five) years; and
 - 7) it has never become controlling shareholder in financial service company in which its business license is revoked because of performing breach within the last 5 (five) years; and
 - e) result of rating from the internationally acknowledged rating agency, for shareholder in the form of foreign legal entity;
3. Republic of Indonesia, enclosed with copy of Government Regulation regarding state capital investment of the Republic of Indonesia for the establishment of Company;

4. regional government, enclosed with copy of regional regulation regarding regional capital investment for the establishment of Company;
- f. list of Controllers and information regarding the form of control;
- g. proof of employing Expert Staff;
- h. work plan for the first 3 (three) years including at least:
 1. feasibility study on market opportunity and economic potential as well as business line to be entered and the target market;
 2. measures to be performed to realize the concerned plan; and
 3. cash flow projection, balance sheet, semiannual profit/loss calculation and soundness level of the Company as well as the underlying assumption, starting from when the Company performs operational activities;
- i. copy of guidelines for risk management of the Company;
- j. copy of contract with other party (if any) and policy on transfer of partial function in business organization;
- k. administrative system and infrastructure of data management that supports the preparation and submission of report to OJK;
- l. confirmation from the supervisory authority in the country of origin of foreign party, in the event that there is direct participation from foreign party;
- m. proof of full payment of licensing fee; and
- n. other documents in the context of supporting sound business growth, including:
 1. copy of report on initial/opening financial position of the Company;
 2. proof of operational readiness;
 3. proof of having valid professional indemnity policy with insurance money of at least amounting to Paid-up Capital;
 4. plan on personnel department including plan on human resources development at least for the first 3 (three) years;
 5. copy of guidelines for the performance of anti money laundering and prevention of terrorism funding program;
 6. copy of guidelines on good corporate governance;
 7. copy of guidelines on investment governance;

8. copy of cooperation agreement between shareholders in the form of foreign legal entity and Indonesian shareholders, for Company in which there is participation from foreign legal entity and drawn up in Indonesian language and includes at least:
 - a) capital composition and details of authorities, which include at least provisions on voting right, distribution of profits and loss, and appointment of members of the Board of Directors and members of the Board of Commissioners of Insurance Brokerage Company, Reinsurance Brokerage Company, or Insurance Loss Adjuster Company; and
 - b) obligations of shareholders in the form of foreign legal entity to prepare and perform education and training program in accordance with its field of expertise.
- (3) Application for business license as intended in paragraph (1) shall be submitted simultaneously with the application for fit and proper test for candidate principal party of the Company.
- (4) Provision on fit and proper test for principal party of the Company and application for fit and proper test as intended in paragraph (3) shall be set forth in Regulation of OJK regarding fit and proper test for principal party of financial service agency.

Part Two

Approval for or Rejection to Application for Business License

Article 10

- (1) OJK shall grant approval, request for document completeness, or rejection as intended in Article 9 paragraph (1) by no later than 20 (twenty) workdays as from the receipt of application for business license.
- (2) In the context of granting approval or rejection as intended in paragraph (1), OJK shall perform:
 - a. examination to the document completeness as intended in Article 9 paragraph (2);
 - b. verification of capital deposit;
 - c. analysis of feasibility upon work plan as intended in Article 9 paragraph (2) letter h;
 - d. fit and proper test to the candidate principal party; and
 - e. analysis of compliance of provisions of laws and regulations in the field of insurance.
- (3) OJK may perform survey to the office of the Company to ensure the operational readiness of the Company.

- (4) Applicant must submit document completeness as intended in paragraph (1) by no later than 20 (twenty) days as from the date of letter of request for document completeness from OJK.
- (5) In the event that applicant has submitted document completeness as intended in paragraph (4), OJK shall grant approval or rejection in accordance with the provision as intended in paragraph (1).
- (6) If within a period of 20 (twenty) workdays as from the date of letter of request for document completeness as intended in paragraph (1), OJK has not received response upon the request for document completeness concerned, applicant shall be considered to cancel the application for business license.
- (7) In the event that application for business license as intended in paragraph (1) is approved, OJK shall stipulate decision on granting of business license to the applicant.
- (8) In the event that OJK rejects the application for business license as intended in paragraph (1), the rejection must be made in writing and furnished with the reasons.

Article 11

- (1) Company that has obtained business license from OJK shall be required to perform business activities by no later than 6 (six) months as from the date the business license is stipulated by OJK.
- (2) Company shall be required to submit implementation report of business activities as intended in paragraph (1) to OJK by no later than 10 (ten) workdays as from the date of commencement of business activities.
- (3) Implementation report of business activities as intended in paragraph (2) must be submitted by the Board of Directors of the Company to OJK by using format 2 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (4) Implementation report of business activities as intended in paragraph (2) shall be enclosed with:
 - a. proof of insurance placement for Insurance Brokerage Company, proof of reinsurance placement for Reinsurance Brokerage Company, or proof of work order for Insurance Loss Adjuster Company; and
 - b. copy of stay permit and/or permit to employ foreign worker that is issued by competent agency, for member of the Board of Directors and/or member of the Board of Commissioners of foreign national.

CHAPTER IV CONTROLLER

Article 12

- (1) Party that is categorized as Controller shall constitute:

- a. shareholder; or
 - b. non-shareholder.
- (2) Controller that constitutes shareholder as intended in paragraph (1) sub-paragraph a must comply with the criteria of requirements on integrity and financial feasibility as set forth in Regulation of OJK regarding fit and proper test for principal party of financial service agency.
 - (3) Controller that constitutes non-shareholder as intended in paragraph (1) sub-paragraph b must comply with the criteria of requirements on integrity and financial feasibility as set forth in Regulation of OJK regarding fit and proper test for principal party of financial service agency.

CHAPTER V ORGANIZATIONAL STRUCTURE

Article 13

- (1) Insurance Brokerage Company and Reinsurance Brokerage Company shall be required to have organizational structure that describes clearly, at least, the function of:
 - a. service;
 - b. brokerage technical affairs; and
 - c. administration, finance, and internal audit.
- (2) Insurance Loss Adjuster Company shall be required to have organizational structure that describes clearly, at least, the function of:
 - a. service;
 - b. insurance loss adjustment technical affairs; and
 - c. administration, finance, and internal audit.
- (3) Organizational structure as intended in paragraph (1) or paragraph (2) must be furnished with description of duties, authorities, responsibilities, and work procedures in writing, as set forth by the Board of Directors.
- (4) Organizational structure as intended in paragraph (1) and paragraph (2) must reflect the existence of good internal control.
- (5) Company shall be required to have employees that are responsible for the respective function as intended in paragraph (1) or paragraph (2).
- (6) Company management must be supported at least by data processing system that can produce accurate and accountable information in making decisions.

CHAPTER VI HUMAN RESOURCES

Part One
Certification

Article 14

- (1) Member of the Board of Directors of Insurance Brokerage Company and Reinsurance Brokerage Company shall be required to have certificate of brokerage with the lowest level of 1 (one) level below the highest qualification from Professional Certification Agency in the field of insurance.
- (2) Member of the Board of Directors of Insurance Loss Adjuster Company shall be required to have certificate of insurance loss adjuster with the lowest level of 1 (one) level below the highest qualification from Professional Certification Agency in the field of insurance.
- (3) Further provisions regarding certification for member of the Board of Directors as intended in paragraph (1) and paragraph (2) shall be set forth in Circular Letter of OJK.

Part Two
Employment of Foreign Worker

Article 15

- (1) Company may employ foreign workers.
- (2) Foreign worker as intended in paragraph (1) shall be employed as:
 - a. Expert Staff with position level of 1 (one) level below the Board of Directors; or
 - b. consultant.
- (3) Company may only employ foreign worker that handles the function of:
 - a. brokerage technical affairs, for Insurance Brokerage Company and Reinsurance Brokerage Company;
 - b. insurance loss adjustment technical affairs, for Insurance Loss Adjuster Company;
 - c. marketing; and/or
 - d. information system.
- (4) Company that employs foreign worker as Expert Staff as intended in paragraph (2) sub-paragraph a shall be required to comply with the following provisions:
 - a. foreign worker shall be employed for a maximum period of 5 (five) years; and
 - b. foreign worker is accompanied by Indonesian worker in the context of transfer of knowledge, skills, and technology.

- (5) Company that employs foreign worker as consultant as intended in paragraph (2) sub-paragraph b shall be required to comply with the following provisions:
- a. foreign worker shall only be employed to implement certain project or program related to the operational activities in the field of insurance;
 - b. period for project or program as intended in sub-paragraph a shall be a maximum of 5 (five) years; and
 - c. foreign worker shall be accompanied by Indonesian worker in the context of transfer of knowledge, skills, and technology.
- (6) Foreign worker as intended in paragraph (1) shall be required to comply with the requirements of:
- a. having expertise in accordance with the field of duties that will become his/her responsibility;
 - b. such foreign worker holds the position that cannot be filled yet by Indonesian worker; and
 - c. complying with the provisions of laws and regulations in the field of manpower.
- (7) OJK shall be authorized to request the Company to dismiss foreign worker that does not meet the requirements as intended in paragraph (6).

Article 16

- (1) Company that will employ foreign worker as intended in Article 15 paragraph (1), shall be required to report first to OJK by no later than 20 (twenty) workdays prior to the concerned foreign worker is employed.
- (2) Reporting of plan on employing foreign worker as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK in accordance with format 3 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (3) Reporting of plan on employing foreign worker as intended in paragraph (1), must be enclosed with:
- a. curriculum vitae of foreign worker employed, furnished with copy of documents reflecting his/her field of expertise;
 - b. plan on annual education and training program as long as the concerned foreign worker is employed; and
 - c. plan on placement and field of duties as the responsibility of foreign worker.

Article 17

- (1) Company shall be required to report the appointment or dismissal of foreign worker to OJK by no later than 20 (twenty) workdays following the appointment or dismissal.

- (2) Reporting on appointment of foreign worker as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK by enclosing:
 - a. copy of proof of appointment of foreign worker;
 - b. copy of stay permit;
 - c. copy of permit to employ foreign worker; and
 - d. copy of taxpayer identification number (NPWP).
- (3) Reporting on dismissal of foreign worker as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK and furnished with reason of dismissal.

Article 18

- (1) Company that employs foreign worker as intended in Article 15 paragraph (1), shall be required to organize transfer of knowledge from such foreign worker to employees of the Company.
- (2) Transfer of knowledge as intended in paragraph (1), must be performed in the form of annual education and training program to employees of the Company.

Part Three Human Resources Development

Article 19

- (1) Company shall be required to organize the development program of skills and knowledge for its employees.
- (2) The development of skills and knowledge as intended in paragraph (1), must be performed in the form of education and training program.

CHAPTER VII INSURANCE BROKER AND REINSURANCE BROKER

Part One Insurance Broker

Article 20

Insurance Brokerage Company shall be required to employ Insurance Broker on a full time basis.

Article 21

- (1) Insurance Broker as intended in Article 20 must comply with the following requirements:
 - a. has certificate of brokerage with the lowest level of 2 (two) levels below the highest qualification from Professional Certification Agency or

certificate of brokerage from overseas after obtaining recognition first from Professional Certification Agency;

- b. having work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years; and
 - c. becomes member of Association of Insurance Brokers in Indonesia.
- (2) Insurance Broker as intended in paragraph (1) shall be posted in the unit that is responsible for the technical function of brokerage.

Article 22

- (1) Insurance Broker as intended in Article 20 must be registered in OJK.
- (2) To be registered as intended in paragraph (1), Board of Directors of Insurance Brokerage Company must register to OJK in accordance with format 4 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK by enclosing the following documents:
- a. copy of certificate of brokerage for Insurance Broker with the lowest level of 2 (two) levels below the highest qualification from Professional Certification Agency or certificate of brokerage from overseas after obtaining recognition first from Professional Certification Agency;
 - b. proof of work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years;
 - c. proof of membership in the Association of Insurance Brokers in Indonesia;
 - d. copy of identification in the form of valid identity card (KTP) or passport;
 - e. copy of taxpayer identification number (NPWP);
 - f. curriculum vitae that is furnished with the latest color photograph sized 4 x 6 cm; and
 - g. letter of statement from the concerned party stating that:
 - 1. never been punished because of committing criminal acts in the field of financial services and/or economy based on court ruling that has obtained binding legal force within the last 5 (five) years;
 - 2. never been punished because of conducting felony based on court ruling that has obtained binding legal force within the last 5 (five) years; and
 - 3. never been declared bankrupt or guilty of causing a corporate/company to be declared bankrupt based on court ruling that has obtained binding legal force within the last 5 (five) years.

Article 23

- (1) OJK shall grant approval, request for document completeness, or rejection upon the application for registration as intended in Article 22 paragraph (2) by no later than 20 (twenty) workdays as from the receipt of application for registration.
- (2) Applicant must submit document completeness as intended in paragraph (1) by no later than 20 (twenty) workdays as from the date of letter of request for document completeness from OJK.
- (3) In the event that applicant has submitted document completeness as intended in paragraph (2), OJK shall grant approval or rejection in accordance with the provision as intended in paragraph (1).
- (4) In the context of processing the application for registration as intended in paragraph (1), OJK shall perform examination to the document completeness of application.
- (5) If within a period of 20 (twenty) workdays as from the date of letter of request for document completeness as intended in paragraph (1), OJK has not received response upon the request for document completeness concerned, applicant shall be considered to cancel the application for registration.
- (6) In the event that application for registration as intended in paragraph (1) is approved, OJK shall issue a certificate of registration to the applicant.
- (7) In the event that OJK rejects the application for registration as intended in paragraph (1), rejection must be performed in writing and furnished with the reasons.

Article 24

Certificate of registration of Insurance Broker as intended in Article 23 paragraph (6) may be revoked in the event that Insurance Broker:

- a. is no longer a member of the Association of Insurance Brokers;
- b. is declared breaching the code of ethics and practice standards by the concerned Association of Insurance Brokers;
- c. has his/her professional title revoked by the Association issuing such title; or
- d. performs abominable act in the field of financial service business.

Article 25

- (1) Insurance Brokerage Company shall be required to report the appointment and/or dismissal of Insurance Broker by no later than 15 (fifteen) workdays as from the date of appointment and/or dismissal of.
- (2) Reporting on appointment of Insurance Broker as intended in paragraph (1) must be submitted by the Board of Directors to OJK in accordance with format 5 as specified in Attachment that constitutes an inseparable part of this Regulation of OJK by enclosing document in the form of certificate of registration of Insurance Broker employed.

- (3) Reporting on dismissal of Insurance Broker as intended in paragraph (1) must be submitted by the Board of Directors to OJK by using format 6 as specified in Attachment that constitutes an inseparable part of this Regulation of OJK.

Part Two
Reinsurance Broker

Article 26

Reinsurance Brokerage Company shall be required to employ Reinsurance Broker on a full time basis.

Article 27

- (1) Reinsurance Broker as intended in Article 26 must comply with the following requirements:
- a. has certificate of brokerage with the lowest level of 2 (two) levels below the highest qualification from Professional Certification Agency or certificate from overseas after obtaining recognition first from Professional Certification Agency;
 - b. has work experience in the field of risk management a minimum of 3 (three) years; and
 - c. becomes member of professional Association in Indonesia.
- (2) Reinsurance Broker as intended in paragraph (1) shall be posted in the unit that is responsible for the technical function of brokerage.

Article 28

- (1) Reinsurance Broker as intended in Article 26 must be registered in OJK.
- (2) To be registered as intended in paragraph (1), the Board of Directors of Reinsurance Brokerage Company must register to OJK in accordance with format 7 as specified in Attachment that constitutes an inseparable part of this Regulation of OJK by enclosing documents:
- a. copy of certificate of brokerage for Reinsurance Broker with the lowest level of 2 (two) levels below the highest qualification from Professional Certification Agency or certificate from overseas after obtaining recognition first from Professional Certification Agency;
 - b. proof of work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years;
 - c. proof of membership in the Association of Reinsurance Brokers in Indonesia;
 - d. copy of identification in the form of valid identity card (KTP) or passport;
 - e. copy of taxpayer identification number (NPWP);

- f. curriculum vitae that is furnished with the latest color photograph sized 4 x 6 cm; and
- g. letter of statement from the concerned stating that:
 - 1. never been punished because of committing criminal acts in the field of financial services and/or economy based on court ruling that has obtained binding legal force within the last 5 (five) years;
 - 2. never been punished because of conducting felony based on court ruling that has obtained binding legal force within the last 5 (five) years; and
 - 3. never been declared bankrupt or guilty of causing a corporate/company to be declared bankrupt based on court ruling that has obtained binding legal force within the last 5 (five) years.

Article 29

- (1) OJK shall grant approval, request for document completeness, or rejection upon the application for registration as intended in Article 28 paragraph (2) by no later than 20 (twenty) workdays as from the receipt of application for registration.
- (2) Applicant must submit document completeness as intended in paragraph (1) by no later than 20 (twenty) workdays as from the date of letter of request for document completeness from OJK.
- (3) In the event that applicant has submitted document completeness as intended in paragraph (2), OJK shall grant approval or rejection in accordance with the provision as intended in paragraph (1).
- (4) In the context of processing the application for registration as intended in paragraph (1), OJK shall perform examination to the document completeness of application.
- (5) If within a period of 20 (twenty) workdays as from the date of letter of request for document completeness as intended in paragraph (1), OJK has not received response upon the request for document completeness concerned, applicant shall be considered to cancel the application for registration.
- (6) In the event that the application for registration as intended in paragraph (1) is approved, OJK shall issue a certificate of registration to the applicant.
- (7) In the event that OJK rejects the application for registration as intended in paragraph (1), rejection must be performed in writing and furnished with the reasons.

Article 30

Certificate of registration of Reinsurance Broker as intended in Article 29 paragraph (6) may be cancelled in the event that Reinsurance Broker:

- a. is no longer a member of the Association of Reinsurance Broker;

- b. is declared breaching the code of ethics and practice standards by the concerned Association of Reinsurance Brokers;
- c. has his/her professional title revoked by the Association issuing such title; or
- d. performs abominable act in the field of insurance business.

Article 31

- (1) Reinsurance Brokerage Company shall be required to report the appointment and/or dismissal of Reinsurance Broker by no later than 15 (fifteen) workdays as from the date of appointment or dismissal.
- (2) Reporting on the appointment as intended in paragraph (1) must be submitted by the Board of Directors to OJK in accordance with format 8 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK by enclosing document in the form of certificate of registration of Reinsurance Broker employed.
- (3) Reporting on the dismissal of Reinsurance Broker as intended in paragraph (1) must be submitted by the Board of Directors to OJK by using format 9 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.

CHAPTER VIII EXPERT STAFF

Part One Expert Staff of Insurance Brokerage Company

Article 32

- (1) Insurance Brokerage Company shall be required to employ at least 1 (one) Expert Staff of Insurance Brokerage Company on a full time basis.
- (2) Expert Staff of Insurance Brokerage Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of expertise as Insurance Broker with the highest qualification from Professional Certification Agency in the field of insurance;
 - b. having work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years; and
 - c. becoming member of professional Association in Indonesia.

Article 33

- (1) Insurance Brokerage Company shall be required to adjust Expert Staff in sufficient quantity in accordance with the volume and business complexity of the Company.

- (2) Expert Staff of Insurance Brokerage Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of expertise as Insurance Broker with the lowest qualification of 1 (one) level below the highest qualification from Professional Certification Agency in the field of insurance;
 - b. having work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years; and
 - c. becoming member of professional Association in Indonesia.
- (3) Expert Staff of Insurance Brokerage Company as intended in paragraph (1) shall be posted in the unit that is responsible for the technical function of brokerage.
- (4) Further provisions regarding adjustment of number of Expert Staff as intended in paragraph (1) and requirements on Expert Staff as intended in paragraph (2) shall be set forth in Circular Letter of OJK.

Article 34

- (1) Insurance Brokerage Company shall be required to report the appointment and/or dismissal of Expert Staff of Insurance Brokerage Company by no later than 20 (twenty) workdays as from the date of appointment and/or dismissal of Expert Staff of Insurance Brokerage Company.
- (2) Reporting on the appointment of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK in accordance with format 10 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (3) Reporting on the dismissal of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK by using format 11 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.

Part Two

Expert Staff of Reinsurance Brokerage Company

Article 35

- (1) Reinsurance Brokerage Company shall be required to employ at least 1 (one) Expert Staff of Reinsurance Brokerage Company on a full time basis.
- (2) Expert Staff of Reinsurance Brokerage Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of expertise as Reinsurance Broker with the highest qualification from Professional Certification Agency in the field of insurance;
 - b. having work experience in the field of risk management a minimum of 3 (three) years; and
 - c. becoming member of professional Association in Indonesia.

Article 36

- (1) Reinsurance Brokerage Company shall be required to adjust Expert Staff in sufficient quantity in accordance with the volume and business complexity of the Company.
- (2) Expert Staff of Reinsurance Brokerage Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of expertise as Reinsurance Broker with the lowest qualification of 1 (one) level below the highest qualification from Professional Certification Agency in the field of insurance;
 - b. having work experience in the field of brokerage technical affairs and/or insurance technical affairs a minimum of 3 (three) years; and
 - c. becoming member of professional Association in Indonesia.
- (3) Expert Staff of Reinsurance Brokerage Company as intended in paragraph (1) shall be posted in the unit that is responsible for the technical function of brokerage.
- (4) Further provisions regarding adjustment of number of Expert Staff as intended in paragraph (1) and requirements on Expert Staff as intended in paragraph (2) shall be set forth in Circular Letter of OJK.

Article 37

- (1) Reinsurance Brokerage Company shall be required to report the appointment and/or dismissal of Expert Staff of Reinsurance Brokerage Company by no later than 20 (twenty) workdays as from the date of appointment and/or dismissal of Expert Staff of Reinsurance Brokerage Company.
- (2) Reporting on the appointment of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK in accordance with format 12 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (3) Reporting on the dismissal of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK by using format 13 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.

Part Three

Expert Staff of Insurance Loss Adjuster Company

Article 38

- (1) Insurance Loss Adjuster Company shall be required to employ at least 1 (one) Expert Staff of Insurance Loss Adjuster Company on a full time basis.
- (2) Expert Staff of Insurance Loss Adjuster Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of insurance loss adjuster with the highest qualification from Professional Certification Agency in the field of insurance;

- b. having work experience in the field of loss adjustment a minimum of 3 (three) years; and
- c. becoming member of professional Association in Indonesia.

Article 39

- (1) Insurance Loss Adjuster Company shall be required to adjust Expert Staff in sufficient quantity in accordance with the volume and business complexity of the Company.
- (2) Expert Staff of Insurance Loss Adjuster Company as intended in paragraph (1) must comply with the following requirements:
 - a. having certificate of insurance loss adjuster with the lowest qualification of 1 (one) level below the highest qualification from Professional Certification Agency in the field of insurance;
 - b. having work experience in the field of loss adjustment a minimum of 3 (three) years; and
 - c. becoming member of professional Association in Indonesia.
- (3) Expert Staff of Insurance Loss Adjuster Company as intended in paragraph (1) shall be posted in the unit that is responsible for the technical function of loss adjuster.
- (4) Further provisions regarding adjustment of number of Expert Staff as intended in paragraph (1) and requirements on Expert Staff as intended in paragraph (2) shall be set forth in Circular Letter of OJK.

Article 40

- (1) Insurance Loss Adjuster Company shall be required to report the appointment and/or dismissal of Expert Staff of Insurance Loss Adjuster Company by no later than 20 (twenty) workdays as from the date of appointment and/or dismissal of Expert Staff of Insurance Loss Adjuster Company.
- (2) Reporting on the appointment of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK in accordance with format 14 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (3) Reporting on the dismissal of Expert Staff as intended in paragraph (1) must be submitted by the Board of Directors to OJK by using format 15 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.

CHAPTER IX OFFICE OUTSIDE THE HEAD OFFICE

Article 41

- (1) Company may open office outside the head office in the home country or overseas.
- (2) Company shall be fully responsible for every office owned or managed, or in which the owner or manager is given permit to use the relevant Company's name.

Article 42

- (1) Company shall be required to report every opening and/or closing of office outside the head office to OJK.
- (2) Reporting on opening of office outside the head office as intended in paragraph (1) must be made by the Board of Directors of the Company by no later than 20 (twenty) workdays after the office is operating by using format 16 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK.
- (3) Reporting on opening of office outside the head office as intended in paragraph (2), must be enclosed with:
 - a. name of office and function of office;
 - b. address of office that is supported by certificate from the relevant party stating at least the Company name;
 - c. name of office manager and furnished with curriculum vitae; and
 - d. duties and authorities of office manager.

Article 43

- (1) Company that will close the office outside the head office shall be required to notify first the policyholder, the insured, or the participant regarding:
 - a. plan on closing of office outside the head office; and
 - b. procedures for settlement of rights and obligations.
- (2) Procedures for settlement of rights and obligations as intended in paragraph (1) sub-paragraph b must be performed based on the provisions of laws and regulations applicable and taking into account the interests of policyholder, the insured, or the participant.

Article 44

- (1) Company shall be required to report the closing of office outside the head office in writing by the Board of Directors of the Company to OJK by no later than 10 (ten) workdays as from the date closing of office outside the head office.
- (2) Reporting on closing of office outside the head office as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK by using format 17 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with:

- a. proof of notice of plan on closing of office outside the head office as intended in Article 43 paragraph (1) sub-paragraph a; and
- b. proof of service transfer of the closed office outside the head office to the head office or nearest office outside the head office.

CHAPTER X MEMBERSHIP IN ASSOCIATION

Article 45

- (1) Every Company shall be required to become member of one Association in accordance with its type of business.
- (2) Association as intended in paragraph (1) must obtain written approval from OJK.
- (3) To obtain approval as intended in paragraph (2), Association must submit a written application to OJK that is enclosed with the following documents:
 - a. copy of articles of association or rules of association; and
 - b. structure of management.

CHAPTER XI CHANGE OF OWNERSHIP

Article 46

- (1) Every change of ownership of the Company must first obtain approval from OJK.
- (2) In the event that change of ownership as intended in paragraph (1) is caused by the addition to Paid-up Capital, such capital addition may be only made in the form of:
 - a. cash deposit;
 - b. transfer of profit balance;
 - c. transfer of loan; and/or
 - d. share dividend.
- (3) To obtain approval as intended in paragraph (1), candidate shareholder through the Board of Directors of the Company must submit an application for approval to OJK by using format 18 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, which is enclosed with:
 - a. plan on list of ownership;
 - b. data of candidate shareholder or member other than Controller as intended in Article 9 paragraph (2) sub-paragraph e, if there is new shareholder;

- c. draft of deed of minutes of RUPS;
 - d. draft of deed of transfer of right on shares;
 - e. copy of tax return (SPT) of the last 2 (two) years and other documents showing the financial capability as well as source of funds of individual shareholder;
 - f. copy of audited financial statement of the Company by public accountant prior to the addition to Paid-up Capital, in the event that change of ownership is caused by addition to Paid-up Capital and will be made in the form of transfer of profit balance, transfer of loan, and/or share dividend; and
 - g. copy of cooperation agreement between shareholder in the form of foreign legal entity and Indonesian shareholder as intended in Article 9 paragraph (2) sub-paragraph n figure 8 for reporting on change of ownership that includes new shareholder in the form of foreign legal entity.
- (4) OJK shall grant approval, request for document completeness, or rejection upon the application for approval as intended in paragraph (1) by no later than 20 (twenty) workdays as from the receipt of application for approval.
- (5) In the context of granting approval or rejection as intended in paragraph (4), OJK shall perform:
- a. examination to the document completeness as intended in paragraph (3);
 - b. analysis on feasibility of plan on change of ownership;
 - c. fit and proper test to the candidate Controller, in the event that change of ownership causes change of Controller; and
 - d. analysis on compliance of provisions of laws and regulations in the field of insurance.
- (6) Applicant must submit document completeness as intended in paragraph (4) by no later than 20 (twenty) days as from the date of letter of request for document completeness from OJK.
- (7) In the event that applicant has submitted document completeness as intended in paragraph (6), OJK shall grant approval or rejection in accordance with the provision as intended in paragraph (4).
- (8) If within a period of 20 (twenty) workdays as from the date of letter of request for document completeness as intended in paragraph (4), OJK has not received response upon the request for document completeness concerned, applicant shall be considered to cancel the application for approval.
- (9) In the event that the application for business license is approved as intended in paragraph (4), OJK shall stipulate the decision on granting of approval to the applicant.

- (10) In the event that OJK rejects the application for approval as intended in paragraph (4), rejection must be performed in writing and furnished with the reasons.

Article 47

- (1) Company shall be required to report the performance of change of ownership as intended in Article 46 paragraph (1) to OJK by no later than 15 (fifteen) workdays as from the date of receipt of proof of approval, and/or proof of receipt of notice from the competent institution.
- (2) Reporting on change of ownership as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK by using format 19 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with:
- a. copy of deed of amendment to the articles of association that is furnished with proof of approval and/or proof of receipt of notice from the competent agency;
 - b. copy of deed of transfer of right on shares in the event of transfer of right on shares;
 - c. proof of capital addition in the form of copy of proof of full payment of Paid-up Capital in the form of cash deposit and copy of proof of placement of Paid-up Capital in a commercial bank or sharia commercial bank that is legalized by the deposit receiving bank in the event that change of ownership leads to addition to Paid-up Capital;
 - d. copy of Government Regulation regarding state capital investment of the Republic of Indonesia, in the event that the change of ownership is caused by addition to Paid-up Capital from central government shareholder; and/or
 - e. copy of regional regulation regarding regional capital investment in the event that the change of ownership is caused by addition to Paid-up Capital from regional government shareholder.

CHAPTER XII REPORTING

Part One Reporting on Amendment to the Articles of Association

Article 48

- (1) Company shall be required to report to OJK on the amendment to the articles of association including:
- a. change of Company name;
 - b. change of domicile of head office of the Company;

- c. reduction of Paid-up Capital for Company having the legal status of limited liability company;
- d. addition of Paid-up Capital for Company having the legal status of limited liability company; and/or
- e. change of Company status from private to public or vice versa,

by no later than 15 (fifteen) workdays as from the date of approval or letter of receipt of notice, or legalization from the competent agency.

- (2) Reporting on change of Company name as intended in paragraph (1) sub-paragraph a must be submitted by the Board of Directors of the Company to OJK by using format 20 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK and enclosed with the following documents:

- a. copy of deed of amendment to the articles of association that is furnished with proof of approval from the competent agency for Company having the legal status of limited liability company; and
- b. copy of taxpayer identification number (NPWP) in new name of the Company.

- (3) Reporting on change of domicile of head office of the Company as intended in paragraph (1) sub-paragraph b must be submitted by the Board of Directors of the Company to OJK by using format 21 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with the following documents:

- a. copy of deed of amendment to the articles of association that is furnished with proof of approval from the competent agency for Company having the legal status of limited liability company; and
- b. copy of taxpayer identification number (NPWP) upon the new domicile of the Company.

- (4) Reduction of Paid-up Capital as intended in paragraph (1) sub-paragraph c may be performed by the Company by remain taking into account the compliance with provisions on minimum paid-up capital and/or compliance with provisions on minimum equity of the Company.

- (5) Reporting on reduction of Paid-up Capital for Company having the legal status of limited liability company as intended in paragraph (1) sub-paragraph c must be submitted by the Board of Directors of the Company to OJK by using format 22 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK and enclosed with copy of deed of amendment to the articles of association as well as furnished with proof of approval from the competent agency.

- (6) Addition to Paid-up Capital as intended in paragraph (1) sub-paragraph d may be only performed in the form of:

- a. cash deposit;

- b. transfer of profit balance;
 - c. transfer of loan; and/or
 - d. share dividend.
- (7) Reporting on addition to Paid-up Capital Company as intended in paragraph (1) sub-paragraph d, must be submitted by the Board of Directors of the Company to OJK by using format 23 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with the following documents:
- a. copy of deed of amendment to the articles of association that is furnished with proof of receipt of notice from the competent agency for Company having the legal status of limited liability company;
 - b. proof of addition to Paid-up Capital, namely:
 - 1. copy of proof of capital addition in a commercial bank or sharia commercial bank in Indonesia and legalized by the deposit receiving bank, in the event that addition to Paid-up Capital is made in the form of cash; or
 - 2. financial statement of the Company that has been audited by public accountant prior to the capital addition, in the event that addition to Paid-up Capital is made in the form of transfer of loan transfer of loan and/or profit balance for Company having the legal status of limited liability company;
 - c. copy of letter of statement of shareholder or member of cooperative stating that capital addition does not originate from loan, activities of money laundering and financial crime in the event that capital addition is made in the form of cash as intended in letter b figure 1;
 - d. copy of tax return (SPT) of the last 2 (two) years and other documents showing the financial capacity as well as source of funds of candidate individual shareholder; and
 - e. financial statement of shareholder that has been audited by public accountant and/or the latest financial statement, in the event that shareholder is in the form of legal entity.
- (8) Reporting on change of Company status from private to public or vice versa as intended in paragraph (1) sub-paragraph e, must be submitted by the Board of Directors of the Company to OJK by using format 24 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with document copy of deed of amendment to the articles of association and furnished with proof of approval from the competent agency.

Part Two
Reporting on Change of Member of the Board of Directors and/or Member of the Board
of Commissioners

Article 49

- (1) Company that makes change of:
 - a. member of the Board of Directors; and/or
 - b. member of the Board of Commissioners,

shall be required to report it to OJK by no later than 15 (fifteen) workdays as from the date of registration of change of member of the Board of Directors and/or member of the Board of Commissioners in the company list, or approved by the meeting of members.

- (2) Reporting on change of member of the Board of Directors and/or member of the Board of Commissioners of the Company as intended in paragraph (1), must be submitted by the Board of Directors of the Company to OJK by using format 25 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK and enclosed with the following documents:
 - a. copy of deed of minutes of meeting of members for Company having the legal status of cooperative; or
 - b. deed of minutes of RUPS for Company having the legal status of limited liability company.

Part Three Reporting on Change of Address

Article 50

- (1) Company shall be required to report the change of address of head office and/or office outside the head office to OJK by no later than 15 (fifteen) workdays as from the date of change.
- (2) Reporting on change of address of head office and/or office outside the head office as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK by using format 26 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, furnished with data on office address that is supported by certificate from the relevant party stating at least the Company name.

CHAPTER XIII REVOCATION OF BUSINESS LICENSE

Article 51

- (1) Revocation of business license of the Company shall be performed by OJK.
- (2) Revocation of business license as intended in paragraph (1) shall be performed in the event that Company:
 - a. is subject to sanction as intended in this Regulation of OJK;
 - b. is bankrupt; or
 - c. stops its business activities.

Article 52

- (1) Company that is declared bankrupt as intended in Article 51 paragraph (2) sub-paragraph b shall be required to submit report to OJK by no later than 20 (twenty) workdays as from the decision on statement of bankruptcy by the court.
- (2) Report as intended in paragraph (1) must be submitted by the Board of Directors of the Company to OJK by using format 27 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK, enclosed with:
 - a. copy of document that constitutes basis for the stipulation of decision on bankruptcy; and
 - b. original copy of decision regarding the granting of business license of the Company or if the original copy of decision is lost, it must be enclosed with copy of duplicate of decision regarding the granting of business license that has been legalized and letter of statement of the Board of Directors that the original copy of decision is lost.
- (3) Based on the report as intended in paragraph (1), OJK shall perform revocation of business license.

Article 53

- (1) Company that will stop its business activities as intended in Article 51 paragraph (2) sub-paragraph c shall be required to obtain approval first from OJK.
- (2) To obtain approval as intended in paragraph (1), Board of Directors of the Company must submit an application for approval of plan on stoppage of business activities to OJK containing, at least, the following things:
 - a. reason of stoppage of business activities;
 - b. description of conditions of the Company, including data regarding the number of policy that is still valid, number of policyholders, the insured parties, or participants, total obligations of the Company to policyholders, the insured parties, or participants and other obligations;
 - c. plan on settlement of obligations of the Company to all creditors; and
 - d. plan on dissolution or other plan after the Company settles its obligations to all creditors and business license of the Company has been revoked by OJK.
- (3) Application for approval of plan on stoppage of business activities as intended in paragraph (2) must be submitted by using format 28 as specified in the Attachment that constitutes an inseparable part of this Regulation of OJK and enclosed with the following documents:
 - a. original copy of decision regarding the granting of business license of the Company or if the original copy of decision is lost, it must be enclosed with copy of duplicate of decision regarding the grant of business license that has been legalized and letter of statement of the Board of Directors that the original Copy of decision is lost;

- b. copy of resolution of RUPS regarding approval of plan on stoppage of business activities of the Company;
- c. latest financial statement of the Company;
- d. proof of tax settlement and other obligations to the state; and
- e. proof of settlement of levy of OJK and outstanding administrative fine.

Article 54

- (1) OJK shall perform examination to the application for approval of plan on stoppage of business activities as submitted by the Board of Directors as intended in Article 53 paragraph (2).
- (2) Based on the result of examination as intended in paragraph (1), by no later than 20 (twenty) workdays as from the complete receipt of application for approval of plan on stoppage of business activities, OJK shall grant approval or rejection to the plan on stoppage of business activities.
- (3) In the event that OJK grants approval as intended in paragraph (2), Company shall be required to:
 - a. stop the entire business activities of the Company;
 - b. announce the plan on stoppage of business activities and plan on obligations of the Company in the newspapers for 3 (three) consecutive days by no later than 10 (ten) days as from the date of letter of approval for the plan on stoppage of business activities;
 - c. settle all obligations of the Company by no later than 4 (four) months as from the date of letter of approval for the plan on stoppage of business activities; and
 - d. appoint public accountant to prepare the final balance including to perform verification to ensure the settlement of all obligations of the Company.
- (4) Procedures for settlement of all obligations as intended in paragraph (3) sub-paragraph c must be performed based on laws and regulations applicable.

Article 55

After all obligations of the Company as intended in Article 54 paragraph (3) are settled, Board of Directors shall be required to submit report to OJK containing at least:

- a. performance of stoppage of business activities of the Company as intended in Article 54 paragraph (3) sub-paragraph a;
- b. performance of announcement as intended in Article 54 paragraph (3) sub-paragraph b;
- c. performance of settlement of obligations of the Company as intended in Article 54 paragraph (3) sub-paragraph c;

- d. final balance of the Company that has been audited by independent auditor; and
- e. letter of statement from shareholder or the equivalent to shareholder of legal entity in the form of cooperative stating that all obligations of the Company have been settled and if there are claims in the future, they shall become the responsibility of shareholder or the equivalent to shareholder of legal entity in the form of cooperative.

Article 56

- (1) OJK shall perform examination to the report submitted by the Board of Directors as intended in Article 55.
- (2) Based on the result of examination as intended in paragraph (1), by no later than 30 (thirty) workdays as from the complete receipt of report, OJK shall issue decision regarding revocation of business license of the Company.
- (3) Company the business license of which is revoked shall be required to stop its business activities.

Article 57

As from the date of revocation of business license of the Company as intended in Article 56 paragraph (2), if there are outstanding obligations of the Company in the future, shareholder or the equivalent to shareholder of legal entity in the form of cooperative shall be responsible for the aforementioned obligations.

CHAPTER XIV SANCTIONS

Article 58

- (1) Company that does not comply with the provisions as intended in Article 3 paragraph (1), 4 paragraph (1), paragraph (3), paragraph (4), paragraph (5), and paragraph (9), Article 5 paragraph (3), Article 6 paragraph (4), Article 7 paragraph (6), Article 8 paragraph (1), Article 11 paragraph (1) and paragraph (2), Article 13 paragraph (1), paragraph (2), paragraph (3), paragraph (5), and paragraph (6), Article 14 paragraph (1) and paragraph (2), Article 15 paragraph (3), paragraph (4), paragraph (5), and paragraph (6), Article 16 paragraph (1), Article 17 paragraph (1), Article 18 paragraph (1), Article 19, Article 20, Article 22 paragraph (1), Article 25 paragraph (1), Article 26, Article 28 paragraph (1), Article 31 paragraph (1), Article 32 paragraph (1), Article 33 paragraph (1), Article 34 paragraph (1), Article 35 paragraph (1), Article 36 paragraph (1), Article 37 paragraph (1), Article 38 paragraph (1), Article 39 paragraph (1), Article 40 paragraph (1), Article 42 paragraph (1) and paragraph (2), Article 43, Article 44 paragraph (1), Article 45 paragraph (1), Article 46 paragraph (1) and paragraph (2), Article 47 paragraph (1), Article 48 paragraph (1) and paragraph (6), Article 49 paragraph (1), Article 50 paragraph (1), Article 52 paragraph (1), Article 53 paragraph (1), Article 54 paragraph (3) and paragraph (4), Article 55, and Article 56 paragraph (3) of this Regulation of OJK shall be subject to administrative sanctions in the form of:
 - a. written warning;

- b. restriction of business activities, for part of or the entire business activities; or
 - c. revocation of business license.
- (2) Administrative sanctions as intended in paragraph (1) shall be performed in phases.
- (3) In addition to the administrative sanctions as intended in paragraph (1), OJK may impose additional sanction in the form of prohibition from becoming shareholder, Controller, Board of Directors, Board of Commissioners, or the equivalent to shareholder, Controller, Board of Directors, and Board of Commissioners, or occupying executive position under the board of directors, or the equivalent to executive position under the board of directors, in Insurance Company.
- (4) Procedures and guidelines for imposition of sanctions shall be set forth in Regulation of OJK regarding procedures and guidelines for imposition of administrative sanctions.

CHAPTER XV MISCELLANEOUS

Article 59

- (1) In the event that OJK has provided electronic service system (e-licensing), application for licensing, approval, or reporting as intended in Article 9 paragraph (1), Article 11 paragraph (3), Article 16 paragraph (2), Article 17 paragraph (2) and paragraph (3), Article 22 paragraph (2), Article 25 paragraph (2) and paragraph (3), Article 28 paragraph (2), Article 31 paragraph (2) and paragraph (3), Article 34 paragraph (2) and paragraph (3), Article 37 paragraph (2) and paragraph (3), Article 40 paragraph (2) and paragraph (3), Article 42 paragraph (2), Article 44 paragraph (2), Article 46 paragraph (3), Article 47 paragraph (2), Article 48 paragraph (2), paragraph (3), paragraph (5), paragraph (7), and paragraph (8), Article 49 paragraph (2), Article 50 paragraph (2), Article 52 paragraph (2), and Article 53 paragraph (2) shall be submitted to OJK online through the data communication network system of OJK.
- (2) Further provisions regarding electronic service (e-licensing) as intended in paragraph (1) will be further set forth in Circular Letter of OJK.

Article 60

- (1) Professional Certification Agency must be registered in OJK.
- (2) To be registered in OJK, Professional Certification Agency as intended in paragraph (1) must submit an application to OJK by enclosing:
 - a. proof of license of Professional Certification Agency from the National Agency for Professional Certification or other agency designated based on the provisions of laws and regulations; and

- b. copy of deed of articles of association of Professional Certification Agency.

CHAPTER XVI TRANSITIONAL PROVISIONS

Article 61

Company that submits an application for business license to OJK prior to the promulgation of this Regulation of OJK and has not submitted complete documents of application for business license, shall be subject to the provisions in this Regulation of OJK.

Article 62

Company that has obtained business license when this Regulation of OJK is promulgated, shall be excepted from the obligation as intended in Article 5 paragraph (1) as long as it does not perform any change to the Company name.

Article 63

Company that has obtained business license prior to the promulgation of this Regulation of OJK and has not complied with the provisions on Expert Staff as intended in Article 32 paragraph (1), Article 35 paragraph (1), and Article 38 paragraph (1), must adjust to the provisions by no later than 3 (three) years as from the promulgation of this Regulation of OJK.

Article 64

Certificate that has been obtained from association or agency, whether in the home country or overseas, which has implemented certification in the field of Insurance prior to the promulgation of this Regulation of OJK, shall be declared to remain valid and effective.

Article 65

Association or agency that has performed certification in the field of Insurance when this Regulation of OJK is promulgated shall be required to comply with the provisions as Professional Certification Agency by no later than 3 (three) years as from the promulgation of this Regulation of OJK.

Article 66

- (1) Every administrative sanction that has been imposed to the Company based on Decision of Minister of Finance of the Republic of Indonesia Number 425/KMK.06/2003 regarding Licensing and Organization of Business Activities of Insurance Business Supporting Company, shall be declared to remain valid and effective.
- (2) Company that has not been able to overcome the cause of imposition of administrative sanction as intended in paragraph (1) shall be subject to further sanction in accordance with this Regulation of OJK.

CHAPTER XVII
CLOSING PROVISIONS

Article 67

As this Regulation of OJK comes into effect, provisions regarding business licensing and institutional affairs for Company shall comply with this Regulation of OJK.

Article 68

This Regulation of OJK shall come into effect as from the date of its promulgation.

For public cognizance, ordering the promulgation of this Regulation of OJK by placement in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on 23 December 2016

CHAIRPERSON OF THE BOARD OF COMMISSIONERS OF FINANCIAL SERVICE
AUTHORITY,

sgd.

MULIAMAN D. HADAD

Promulgated in Jakarta
on 28 December 2016

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

sgd

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2016 NUMBER 301

Issued as a true copy
Director of Legal Affairs 1
Department of Legal Affairs

sgd.

Yuliana

ELUCIDATION ON
REGULATION OF FINANCIAL SERVICE AUTHORITY
NUMBER 68/POJK.05/2016
REGARDING
BUSINESS LICENSING AND INSTITUTIONAL AFFAIRS OF
INSURANCE BROKERAGE COMPANY, REINSURANCE BROKERAGE COMPANY,
AND INSURANCE LOSS ADJUSTER COMPANY

I. GENERAL

Regulation of OJK regarding Business Licensing and Institutional Affairs of Insurance Brokerage Company, Reinsurance Brokerage Company, and Insurance Loss Adjuster Company shall constitute the implementing regulation as a mandate of Law Number 40 Year 2014 regarding Insurance.

The role of Insurance Brokerage Company, Reinsurance Brokerage Company and Insurance Loss Adjuster Company in the development of Insurance Industry is highly significant. Companies and industrial enactors play an important role in creating sounder, reliable, trustworthy, and competitive insurance industry. The estuary of all those efforts shall be the growth of national economy that will eventually create national welfare as the effort to realize national aspiration.

This Regulation of OJK shall constitute an improvement to Decision of the Minister of Finance of the Republic of Indonesia Number 425/KMK.06/2003 regarding Licensing and Organization of Business Activities of Insurance Business Supporting Company. As an effort of improvement, this Regulation of OJK shall adopt the mandate that must be set forth in Regulation of OJK namely:

- a. requirements and procedures for licensing;
- b. requirements and procedures for registration of insurance broker, reinsurance broker, and insurance loss adjuster;
- c. requirements and procedures for change of ownership of the Company; and
- d. procedures for adjustment of ownership and sanctions for Company that does not adjust the ownership.

In addition to the above materials, there is also effort of improvement in the materials of the previously applicable regulation, such as licensing, reporting, opening of office outside the head office, up to the application of sanctions. It constitutes efforts in complying with legal demands of insurance industry.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Self-explanatory.

Article 3

Self-explanatory.

Article 4

Paragraph (1)

Sub-paragraph a

Referred to as transferring the shareholding to Indonesian citizen shall be Company shareholder transfers the shareholding in the Company to Indonesian citizen and/or Indonesian legal entity that is owned, directly or indirectly, by Indonesian citizen.

Sub-paragraph b

Referred to as performing change of ownership through the mechanism of initial public offering shall be Company performs initial public offering.

Paragraph (2)

Referred to as effort of transfer of shareholding to Indonesian citizen shall be among others shareholder performs private placement to Indonesian citizen and/or Indonesian legal entity that is owned, directly or indirectly, by Indonesian citizen.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

Sub-paragraph a

Referred to as examination to the document completeness shall include conformity of document with the provisions required in laws and regulations.

Sub-paragraph b

Verification of capital deposit may be performed among others by performing verification of receipt of capital deposit by the Company and verification of financial transaction related to capital deposit originating from intra-group transaction.

Sub-paragraph c

Self-explanatory.

Sub-paragraph d

Self-explanatory.

Sub-paragraph e

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

In the event that Company is considered to have cancelled business licensing, therefore, documents of business licensing that have been submitted cannot be retrieved by the applicant.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Self-explanatory.

Article 13

Paragraph (1)

Sub-paragraph a

Service function shall consist of, among others, consultation function, consumer protection education function, marketing function, and claim settlement.

Sub-paragraph b

Technical function of brokerage shall consist of, among others, risk analysis and mitigation, insurance placement, and reinsurance.

Sub-paragraph c

Self-explanatory.

Paragraph (2)

Sub-paragraph a

Self-explanatory.

Sub-paragraph b

Technical function of insurance loss adjustment shall consist of, among others, survey implementation function, loss adjustment function, calculation report preparation function, or loss adjustment.

Sub-paragraph c

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Good internal control shall be among others shown by the existence of division of duties that allows mutual supervision among functions (cross check) and review of work gradually.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 14

Self-explanatory.

Article 15

Self-explanatory.

Article 16

Self-explanatory.

Article 17

Self-explanatory.

Article 18

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Referred to as full time shall be Insurance Broker who commits himself in one Insurance Brokerage Company and does not work for another company.

Article 21

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Referred to as full time shall be Reinsurance Broker who commits himself in one Reinsurance Brokerage Company and does not work for another company.

Article 27 to Article 31

Self-explanatory.

Article 32

Paragraph (1)

Referred to as full time shall be Expert Staff of Insurance Brokerage Company who commits himself in one Insurance Brokerage Company and does not work for another company.

Paragraph (2)

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Self-explanatory.

Article 35

Paragraph (1)

Referred to as full time shall be Expert Staff of Reinsurance Brokerage Company who commits himself in one Reinsurance Brokerage Company and does not work for another company.

Paragraph (2)

Self-explanatory.

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

Paragraph (1)

Referred to as full time shall be Expert Staff of Insurance Loss Adjuster Company who commits himself in one Insurance Loss Adjuster Company and does not work for another company.

Paragraph (2)

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Self-explanatory.

Article 43

Paragraph (1)

Self-explanatory.

Paragraph (2)

Referred to as taking into account the interests of the insured shall be settlement of rights and obligations in accordance with the content of policy agreement.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Paragraph (1)

Change of ownership shall cover among others change of share composition, takeover, and addition of new shareholder.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Paragraph (7)

Self-explanatory.

Paragraph (8)

Self-explanatory.

Paragraph (9)

Self-explanatory.

Paragraph (10)

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Reporting on reduction of Paid-up Capital shall be performed by the Company in the event that reduction of Paid-up Capital does not cause the occurrence of:

- a. change of share composition;
- b. takeover; and/or
- c. addition of new shareholder.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Reporting on addition to Paid-up Capital shall be performed by the Company in the event that addition to Paid-up Capital does not cause the occurrence of:

- a. change of share composition;
- b. takeover; and/or
- c. addition of new shareholder.

Paragraph (7)

Self-explanatory.

Article 49

Self-explanatory.

Article 50

Self-explanatory.

Article 51

Self-explanatory.

Article 52

Self-explanatory.

Article 53

Self-explanatory.

Article 54

Self-explanatory.

Article 55

Self-explanatory.

Article 56

Self-explanatory.

Article 57

Self-explanatory.

Article 58

Self-explanatory.

Article 59

Self-explanatory.

Article 60

Self-explanatory.

Article 61

Self-explanatory.

Article 62

Self-explanatory.

Article 63

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Self-explanatory.

Article 67

Self-explanatory.

Article 68

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA
NUMBER 5991

Note

Source: LOOSE LEAF REGULATION OF THE CHAIRPERSON OF THE
BOARD OF COMMISSIONERS OF FINANCIAL SERVICE AUTHORITY
YEAR 2016