

OWN RETENTION LIMIT, REINSURANCE SUPPORT AND REINSURANCE/RETROCESSION PROGRAM REPORTS

(Circular of the Financial Service Authority No. 31/SEOJK.05/2015 dated November 16, 2015)

THE FINANCIAL SERVICE AUTHORITY,

To.

1. Boards of Directors of General Insurance Companies;
2. Boards of Directors of Sharia General Insurance Companies;
3. Boards of Directors of Life Insurance Companies;
4. Boards of Directors of Sharia Life Insurance Companies;
5. Boards of Directors of Reinsurance Companies; and
6. Boards of Directors of Sharia Reinsurance Companies,

In line with the mandate of provisions in Article 3, Article 10 paragraph (4), Article 18 paragraph (4), and Article 32 of Regulation of the Financial Service Authority No. 14/POJK.5/2015 concerning Own Retention and Domestic Reinsurance Support (Statute Book of the Republic of Indonesia of 2015 No. 265, Supplement to Statute Book of the Republic of Indonesia No. 5754), it is necessary to control own retention limit, amount of minimum placement of automatic and fluctuative reinsurance support based on

a priority scale to domestic reinsurers, and model, structure and procedure of submitting automatic reinsurance/retrocession program reports in a circular of the Financial Service Authority as follows :

I. GENERAL PROVISIONS

Referred to in this Circular of the Financial Service Authority as :

1. Companies are insurance company, sharia insurance company, reinsurance company and sharia reinsurance company.
2. Insurance company is a general insurance company and life insurance company as referred to in Law No. 40/2014 concerning Insurance.
3. Sharia insurance company is a sharia general insurance company and sharia life insurance company as referred to in Law No. 40/2014 concerning Insurance.
4. General insurance company is a company engaged in general insurance business, and/or reinsurance business for the risks of other general insurance companies as referred to in Law No. 40/2014 concerning Insurance.

5. Life insurance company is a company engaged in life insurance business as referred to in Law No. 40/2014 concerning Insurance.
6. Sharia general insurance company is a company engaged in sharia general insurance business and/or sharia reinsurance business for the risks of other sharia general insurance companies as referred to in Law No. 40/2014 concerning Insurance and/or a general insurance company carrying out part of its business under sharia principles.
7. Sharia life insurance company is a company engaged in sharia life insurance business as referred to in Law No. 40/2014 concerning Insurance and/or a life insurance company carrying out part of its business under sharia principles.
8. Reinsurance company is a company engaged in reinsurance business as referred to in Law No. 40/2014 concerning Insurance.
9. Sharia reinsurance company is a company engaged in sharia reinsurance business as referred to in Law No. 40/2014 concerning Insurance and/or a reinsurance company carrying out part of its business under sharia principles.
10. Financial Service Authority, hereinafter abbreviated into OJK, is Financial Service Authority as referred to in Law No. 21/2011 concerning Financial Service Authority.

II. OWN RETENTION LIMIT

1. Companies must have and apply own retention to any risks they manage.
2. The application of own retention as referred to in point 1 is done as follows :
 - a. for insurance company and reinsurance company, it follows own retention limit as contained in Attachment I Table 1.A; and
 - b. for sharia insurance company and sharia reinsurance company, it follows own retention limit as contained in Attachment I Table 1.B, which are an integral part of this OJK Circular.

III. THE MINIMUM PLACEMENT OF DOMESTIC REINSURANCE SUPPORT

1. The minimum placement of automatic reinsurance support based on a priority scale to domestic reinsurer for insurance company and sharia insurance company must amount to at least 25% (twenty-five percent) of the automatic reinsurance capacity of each insurance business line or as much as the amount as set in Attachment II Table 2.A, which is an integral part of this OJK Circular, which one is higher.

2. The minimum placement of fluctuative reinsurance support based on a priority scale to domestic reinsurer for insurance company and sharia insurance company must amount to at least 25% (twenty-five percent) of the coverage money per risk from each insurance business line or as much as the amount as set in Attachment II Table 2.B, which is an integral part of this OJK Circular, which one is higher.

IV. MODEL AND STRUCTURE OF AUTOMATIC REINSURANCE/RETROCESSION PROGRAM REPORT

1. Automatic reinsurance/retrocession program report for general insurance company and reinsurance company consists of :
 - a. automatic reinsurance/retrocession program report from all insurance business lines;
 - b. automatic reinsurance/retrocession program report from each insurance business line;
 - c. projection of underwriting surplus from all business lines;
 - d. projection of underwriting surplus from each business line; and
 - e. evidence of rejection of automatic reinsurance support from domestic reinsurer (if any).
2. Automatic reinsurance/retrocession program report for sharia general insurance company and sharia reinsurance company consists of :
 - a. automatic reinsurance/retrocession program report from all insurance business lines;
 - b. automatic reinsurance/retrocession program report from each insurance business line;
 - c. projection of underwriting surplus from all business lines;
 - d. projection of underwriting surplus from each business line; and
 - e. evidence of rejection of automatic reinsurance support from domestic reinsurer (if any).
3. Automatic reinsurance program report for life insurance company and sharia life insurance company consists of:
 - a. automatic reinsurance program report from all insurance business lines;
 - b. automatic reinsurance program report from each insurance business line; and
 - c. evidence of rejection of automatic reinsurance support from domestic insurer (if any).
4. The model and structure of automatic reinsurance/retrocession program report for general insurance company and reinsurance company are contained in Attachment III which is an integral part of this OJK Circular.
5. The model and structure of automatic reinsurance/retrocession program report for sharia general insurance company and sharia reinsurance company are contained in Attachment IV which is an integral part of this OJK Circular.

6. The model and structure of automatic reinsurance program report for life insurance company and sharia life insurance company are contained in Attachment V which is an integral part of this OJK Circular.

V. PROCEDURE OF SUBMITTING AUTOMATIC REINSURANCE/RETROCESSION PROGRAM REPORT

1. Any company must submit an automatic reinsurance/retrocession program report to OJK every year using the model and structure as referred to in Attachment III, Attachment IV, or Attachment V which is an integral part of this OJK Circular.
2. The automatic reinsurance/retrocession program report as referred to in point 1 must be submitted to OJK online through the OJK data communication network system.
3. If the OJK data communication network system as referred to in point 2 is not available or has technical trouble during the deadline for the submission of automatic reinsurance/retrocession program report, companies shall submit the said automatic reinsurance/retrocession program report offline in the form of electronic data through compact disc (CD) or other electronic data memory card.
4. In case of technical trouble during the deadline for submission of automatic reinsurance/retrocession program report as referred to in point 3, companies must submit the automatic reinsurance/retrocession program report no later the first ensuing working day after the technical trouble.
5. If the technical trouble as referred to in point 4 is experienced by OJK, OJK will announce it in writing on the same day after it has happened.
6. The automatic reinsurance/retrocession program report submitted offline in the form of electronic data as referred to in point 3 must be accompanied by an introductory letter signed by the board of directors of the company or equivalent official and uses a spreadsheet format.
7. The automatic reinsurance/retrocession program report submitted offline as referred to in point 6 is addressed to: the Financial Service Authority:
 - a. for general insurance company, life insurance company, reinsurance company:
 attn. Directorate of the Insurance and BPJS Health Supervision at
 Merdeka Tower Building
 Mailing Room Floor 12
 Jl. Budi Kemuliaan I No.2
 Central Jakarta
 - b. for sharia general insurance company, sharia life insurance company, sharia reinsurance company:

attn. Directorate of Sharia IKNB
Merdeka Tower Building
Mailing Room Floor 12
Jl. Budi Kemuliaan I No.2
Central Jakarta

8. The automatic reinsurance/retrocession program report submitted offline as referred to in point 6 can use one of the following ways:
 - a. directly submitted to the OJK Office as referred to in point 7;
 - b. sent by registered mail; or
 - c. sent by courier service.
9. Companies will be declared to have submitted an automatic reinsurance/retrocession program report if they meet the following conditions:
 - a. for an automatic reinsurance/retrocession program report submitted online through the OJK data communication network system, there must be a receipt issued by OJK
 - b. for an automatic reinsurance/retrocession program report submitted offline, there must be :
 - 1) a receipt issued by OJK, if the report is sent directly to the office of OJK as referred to in point 8 letter a; or
 - 2) a receipt of delivery issued by the post office or courier service, if the report is sent by the post office/courier service as referred to in point 8 letter b and letter c.
10. In case of a change in the address of the OJK office for the submission of reports as referred to in point 8, OJK will announce the change in address through a letter or announcement.

VI. CONCLUSION

Provisions in this Circular of the Financial Service Authority begin to take effect on January 1, 2016.

Stipulated in Jakarta

On November 16, 2015

EXECUTIVE CHIEF FOR THE SUPERVISION OF INSURANCE, PENSION FUNDS, FINANCING
INSTITUTIONS, AND OTHER FINANCIAL SERVICES AT THE FINANCIAL SERVICE AUTHORITY,

sgd.

FIRDAUS DJAELANI

Editor's Note :

- Attachments are not carried for technical reasons.

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