

Finance Minister of the Republic of Indonesia**copy**

Regulation of Finance Minister No. 83/PMK. 03/2006

on

Fourth Amendment to Decree of Finance Minister No. 80/KMK.04/1995 on the Amount of
Cost Deductible Reserve Fund

The Finance Minister,

Considering: a. whereas to support the growth of insurance industry in Indonesia, there is a need to stipulate the amount of reserve fund which could be deducted as cost for life insurance companies;

b. whereas based on the consideration as set out in paragraph a, there is a need to stipulate the Regulation of Finance Minister on the Fourth Amendment to Decree of Finance Minister No. 80/KMK.04/1995 on the Amount of Cost Deductible Reserve Fund;

In view of: 1. Law No. 7/1983 on Income Tax (State Gazette of the Republic of Indonesia No 50/1993; Appendix No. 3263) as most recently amended with Law No. 17/2000 (State Gazette of the Republic of Indonesia No. 127/2000, Appendix No. 3985);

2. Presidential Decree No. 20/P/2005;

3. Decree of Finance Minister No. 80/KMK.04/1995 on the Amount of Cost Deductible Reserve Fund as most recently amended with Decree of Finance Minister No. 204/KMK.04/2000;

DECIDES:

To stipulate: Regulation of Finance Minister on the Fourth Amendment to Decree of Finance Minister No. 80/KMK.04/1995 on the Amount of Cost Deductible Reserve Fund.

Article I

Provision in Article 4 of Regulation of Finance Minister No. 80/KMK.04/1995 on the Amount of Cost Deductible Reserve Fund as most recently amended with Decree of Finance Minister No. 204/KMK.04/2000 shall be changed to be as follows:

"Article 4

- (1) Life insurance companies may establish or collect premium reserve to cover mature claims or for other reason.
- (2) The amount of premium reserve as set out in paragraph (1) shall be set in accordance with actuarial calculation and approved by the Capital Market and Financial Institution Supervising Agency in line with the prevailing regulations in the insurance sector.

- (3) The increase in year-end balance compared to balance in the beginning of year of the premium reserve as set out in paragraph (2) is the cost for the year concerned.
- (4) The decrease in year-end balance compared to balance in the beginning of year of the premium reserve as set out in paragraph (2) is the revenue for the year concerned.
- (5) Claims accrued/payable are the cost for the year concerned."

Article II

This Regulation of Finance Minister shall be effective on 1 January 2007.

For public cognizance, ordered the publication of this Regulation of Finance Minister in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on 29 September 2006
Finance Minister
signed
Sri Mulyani Indrawati

This copy conforms to the original

Head of the General Bureau

Antonius Suharto

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