

**GUIDELINE FOR PREPARATION OF MONTHLY FINANCIAL REPORT
FOR GENERAL INSURANCE COMPANY / CONVENTIONAL REINSURANCE
COMPANY**

I. GENERAL

1. The financial report is prepared specifically for the purpose of supervision and oversight of insurance business. Thus, the format, content, and structure of the financial report are in line with the prevailing legislation on insurance business (Statutory Accounting Practices/SAP) as regulated in Regulation of Minister of Finance Number 53 of 2012 and its implementation regulations.
2. The content and structure of Insurance Company / Reinsurance Company's Financial Report are as follows:
 - a. Statement of Financial Position of Insurance Company / Reinsurance Company
 - b. Comprehensive Profit/Loss Statement of Insurance Company / Reinsurance Company
 - c. Cashflow Statement of Insurance Company / Reinsurance Company
 - d. Report of Solvency Level of Insurance Company / Reinsurance Company
 - e. Recapitulation of Assets and Liabilities based on Currency and Age of Maturity
3. The format, content, and structure of the financial report shall be used for monthly financial report.

4. The financial report shall be presented for the current period.
5. If there is a row or column that needs to be filled but the value is 0 (zero) or none, it should be filled as 0 (zero).
6. Rupiah amounts in the entire financial statement format shall be written in millions of rupiahs with 2 (two) decimals after the decimal point.
7. Negative amount shall be written in parentheses (xxxx).
8. Admitted Assets, hereinafter referred to as AYD, is asset permitted to be included in the calculation of solvency level as referred to in the legislation in insurance business.
9. General Insurance Company/Reinsurance Company (Company) is Insurance Company as referred to in legislation regarding insurance business.
10. Miscellaneous
 - a. Company name should be clearly written in every line of title in the report format. On the cover page, the name and address of General Insurance Company/Reinsurance Company must be filled out in the provided space (see the guideline on format).
 - b. The period of monthly financial report must be specified according to the end date of the current period. For example, for September 2013 report, the period should be specified as Per 30 September 2013.

II. FINANCIAL REPORTS

1. Statement of Financial Position

The Statement of Financial Position in this report shall consist of Statement of Financial Position prepared based on Financial Accounting Standards (SAK) and Statutory Accounting Practice (SAP) presented in accordance with the end of current period.

a. SAK Statement of Financial Position

Accounts in this Statement of Financial Position have been reclassified in line with the purpose of its inclusion therefore the accounts do not have to match the accounts in SAK report. The purpose of including SAK Statement of Financial Position is to provide comparison for accounts in SAP Statement of Financial Position, particularly the assets, to facilitate analysis by the analysts.

b. SAP Statement of Financial Position

Assets and Liabilities in SAP Statement of Financial Position are AYD (Admitted Asset) which accounts are filled out based on the Regulation of Minister of Finance Number 53 of 2012 and its implementation regulations.

Any value difference between SAK and SAP may arise due to different valuation methods used in valuing assets and liabilities based on SAK and SAP.

The different asset valuation between SAK and SAP is due to difference in value recognition. In general, SAP recognizes assets based on fair value while SAK recognizes assets based on historical cost. For liabilities, difference may arise because SAK provides various options for calculating technical reserve,

which allow the Company to choose SAK-based calculation method of technical reserve that is different from the method as regulated in the legislation.

If there is discrepancy of asset value between SAP and SAK, the margin can be used to increase or decrease SAP equity. The different valuation of asset may arise because in general SAP-based asset valuation would result in bigger value than SAK-based valuation. As a consequence, SAP equity will be higher. For liabilities, in general, the Company shall use SAP-based valuation that can result in lower valuation than SAK liability valuation. As a consequence, the SAP equity will be higher.

Non-admitted Assets may arise due to limitation in the Company's asset recognition that not all assets recognized under SAK can be recognized as assets under SAP. Therefore, the non-recognition of that asset would result in lowered SAP equity.

Reinsurance assets in the Statement of Financial Position shall be presented as assets that form parts of reinsurance proceeds and is included as AYD in the calculation of financial soundness. The value of reinsurance asset consists of:

- 1) Reinsurance asset value on liability for future policy benefit is consistently determined using the approach used to determine liability of future policy benefit based on the terms and conditions of that reinsurance contract.

- 2) Reinsurance asset value on unearned premium income is consistently determined using an approach used to determine premium income that is unearned, based on the terms and conditions of that reinsurance contract.
- 3) Reinsurance asset value based on the estimated claim liabilities is consistently determined using the approach used to determine estimates of claim liabilities based on the terms and conditions of that reinsurance contract.

2. Comprehensive Profit/Loss Statement

SAP Comprehensive Profit/Loss Statement may be different from SAK Comprehensive Profit/Loss Statement due to different treatment for recognition (technical reserve expense) and the difference classification of accounts. The classification of accounts for SAP report has been adjusted to the existing regulations. Therefore the final outcome of the Comprehensive Profit/Loss Statement (i.e. profit or loss) may be different between the SAP and SAK reports.

The Comprehensive Profit/Loss Statement presented shall be the Comprehensive Profit/Loss Statement for the beginning of current accounting period up to the reporting date (cumulatively). For example, revenue recognized for September 2013 Report shall be the revenue obtained from 1 January 2013 up to 30 September 2013.

The component to determine Gross Premium in this report shall be the gross premium as described in Government Regulation Number 73 of 1992 on

Implementation of Insurance Business as amended by Government Regulation Number 63 of 1999.

3. Cash Flow Statement

Cash Flow Statement in this report shall be based on the information provided in the columns in the forms. The opening balance of cash and bank of the current month shall be the opening balance of cash and bank of that current year. The closing balance of cash and bank on Cash Flow Statement must equal the balance of cash and bank on the Statement of Financial Position. For example, the opening balance of cash and bank in Cash Flow Statement on September 2013 is the balance of cash and bank per 1 January 2013. The closing balance of cash and bank on Cash Flow Statement on September 2013 must equal the balance of cash and bank on Statement of Financial Position as per 30 September 2013.

4. Report of Solvency Level – Solvency Ratio Attained

The company must attain the minimum solvency level of 120% of the minimum risk-based capital as described in Regulation of Minister of Finance Number 53/PMK.010/2012. The solvency consists of AYD and Liabilities (excluding subordinated loans).

5. Recapitulation of Assets and Liabilities based on Currency and Age of Maturity

The matching of assets and liabilities based on currency and age of maturity is needed to determine the difference in values of assets and liabilities in foreign

currency denomination, and the fluctuation of foreign currencies exchange rate against Rupiah. Columns in this detail shall be filled out with SAK value.