



Financial Services Authority

To:

Insurance Brokerage Companies;
Reinsurance Brokerage Companies; and
Insurance Loss Appraisal Companies.
at the respective addresses.

COPY
CIRCULAR OF FINANCIAL SERVICES AUTHORITY
NUMBER 18/SEOJK.05/2014
ON
GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT FOR INSURANCE
BROKERAGE COMPANIES, REINSURANCE BROKERAGE COMPANIES AND INSURANCE
LOSS APPRAISAL COMPANIES

In relation to the mandate of Article 79 paragraph (3) of Regulation of Financial Services Authority No. 2/POJK.05/2014 on Good Corporate Governance for Insurance Companies, it is necessary to regulate a form and structure of good corporate governance implementation report for insurance brokerage, reinsurance brokerage and insurance loss appraisal companies in the following Circular Letter of Financial Services Authority

I. GENERAL PROVISION

1. Company is insurance brokerage companies, reinsurance brokerage companies and insurance loss appraisal companies.
2. General Meeting of Shareholders, hereinafter shall be referred to as GMS, is the general meeting of shareholders as referred to the law concerning limited-liability company for Company in the form of limited-liability company or those equivalent of GMS for Company in the form of cooperatives or joint venture.
3. Board of Directors is a Company instrument which performs administrative functions as referred to the law concerning limited-liability company for Company in the form of limited-liability company or those equivalent of Board of Directors for Company in the form of cooperatives or joint venture.
4. Board of Commissioners is a Company instrument which performs supervising and counselling functions as referred to the law concerning limited-liability company for Company in the form of limited-liability company or those equivalent of Board of Commissioners for Company in the form of cooperatives or joint venture.
5. Good Corporate Governance for Company, hereinafter shall be referred to as Good Corporate Governance, is structures and processes used and applied by instruments of the Company to improve the achievement of business results and optimize corporate value for all stakeholders, especially policyholders, insured parties, participants, and/or parties entitled to benefits, accountably and based on

the laws and regulations and ethical values.

6. Financial Services Authority is an institution that is independent and free from interference by other parties, which have functions, duties, and authorities of regulation, supervision, inspection, and investigation as referred to in Law No. 21 of 2011 on Financial Services Authority.
7. Chief Executive of Insurance, Pension Fund, Financing Agency and Other Financial Service Agency, hereinafter shall be referred to as Chief Executive of Non-Bank Financial Industry Supervisor, is a member of the Board of Commissioners of Financial Services Authority who is in charge to lead the implementation of activity supervision on non-bank financial service agencies.

II. GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT

1. Company must prepare Good Corporate Governance implementation report at the end of each financial year.
2. The Good Corporate Governance implementation report as referred in ~~paragraph~~ number 1 must contains at least:
 - a. implementation transparency of the Good Corporate Governance;
 - b. self-assessment on the implementation of Good Corporate Governance; and
 - c. action plan.

III. TRANSPARENCY IN GOOD CORPORATE GOVERNANCE IMPLEMENTATION

1. Transparency in Good Corporate Governance implementation as referred to romawian number II number 2 letter a, shall include at least include disclosure on all aspects of Good Corporate Governance implementation.
2. Good Corporate Governance principle implementation aspects as referred in number 1 are as follows:
 - a. Good Corporate Governance implementation disclosure shall include at least:
 - 1) implementation of duties and responsibilities of Board of Directors and Board of Commissioners, consisting of:
 - a) number, position name, criteria, appointment date by GMS, terms of office, citizenship and domicile of members of Board of Directors and Board of Commissioners;
 - b) duties and responsibilities of Board of Directors and Board of Commissioners;
 - c) other position of Board of Directors and Board of Commissioners;
 - d) training of Board of Directors and Board of Commissioners;
 - e) implementation of activity and recommendation of Board of Commissioners; and
 - f) frequency of organized meetings of Board of Directors and Board of Commissioners, which include at least:

- (1) total organized meetings in 1 (one) year;
- (2) total meetings that are physically attended and/or through teleconference, videoconference or other electronic media; and
- (3) attendance of each member in each meeting.

Company with total numbers of Board of Directors and Board of Commissioners at least 2 (two) for each Board, may only disclose the meeting frequency between the Board of Directors and Board of Commissioners.

- 2) External auditor function implementation.
Information to be disclosed is the performance of external auditor duty implementation, including the effectiveness of external auditor duty implementation and company compliance with the provisions, including the provision of all accounting records and the required data for external auditors which allow the external auditor to provide an opinion on fairness, compliance and conformity of the financial statements of the company with the applicable audit standards. This provision only applies to insurance brokerage and reinsurance brokerage companies.
- 3) Risk management implementation, including internal control system.
Information to be disclosed includes:
 - a) active supervision by Board of Directors and Board of Commissioners;
 - b) sufficiency in policy, procedure and risk limit setting;
 - c) sufficiency in identification, measurement, monitoring and risk control processes;
 - d) risk management information system; and
 - e) comprehensive internal control system.
- 4) Implementation of remuneration policy and other facilities for members of Board of Directors and Board of Commissioners for 1 (one) year, which include at least:
 - a) remuneration in the form of in natura, including salary and other fixed income, including benefits, stock-based compensation, bonus, and other form of remunerations; and
 - b) other facilities in the form of natura or in natura including other non-fixed income, such as allowances for housing, transportation, health insurance and other facilities.
- 5) Transparency of financial and non-financial conditions of the Company which are not yet disclosed in other reports.
- 6) Outsourced Company functions.
- 7) Implementation of GMS authorities, including:
 - a) implementation of annual and extraordinary GMS and resolutions from each GMS;

- b) GMS announcement and invitation processes; and
 - c) other matters which require approval from GMS.
- b. Disclosure of share ownership by members of Board of Directors and Board of Commissioners which is equal or more than 5% (five percent) of paid-up capital, including the type and number of share certificates in:
 - 1) The respective Company;
 - 2) other insurance company;
 - 3) other financial service company other than insurance company; and
 - 4) other domestic or foreign company, including shares from stock exchanges.
- c. Financial and family relationships between members of the Board of Directors, members of the Board of Commissioners, and/or shareholders of the Company where members of the Board of Directors have position.
- d. Financial and family relationships between members of the Board of Commissioners, members of the Board of Directors, and/or shareholders of the Company where members of the Board of Commissioners have position.
- e. Total internal frauds.
 - 1) Internal fraud is the fraud as performed by members of Board of Directors, permanent and non-permanent employees (including temporary and outsourced employees) which could harm and endanger the going concern or financial health of the Company.
 - 2) Disclosure on internal fraud shall include at least:
 - a) total resolved internal frauds;
 - b) total internal frauds in internal resolution process in the Company;
 - c) total internal frauds with no resolution process yet; and
 - d) total internal frauds with follow-up by legal process.
- f. Disclosure of other important information, which includes at least:
 - 1) resignation or discharge of external auditor;
 - 2) material transactions with related parties:
Material transaction with related party is each and every:
 - a) purchase, sales, exchange of shares or assets with a value of 10% (ten percent) or more of the equity of the Company which is performed with related party in one or a series of transactions;
 - b) property lease, management and service contracts, including partnership for sharing of resources with related party;
 - c) settlement of intercompany balances with related party;
 - 3) current and/or potential conflict of interests;
 - 4) other material information on the Company in relation to Good Corporate Governance, including owner intervention, internal dispute, or issues arising as impact to remuneration policy in the Company.
- g. Legal issue;

- 1) Legal issue is civil and criminal legal issues faced by the Company during the reporting period and the legal process has already started;
- 2) Disclosure on legal issue shall include at least:
 - a) total legal issues which already received a legally binding decision; and
 - b) the number of legal issues that are still in the process of settlement in the courts and in alternative dispute resolution institution for civil case.

IV. SELF ASSESSMENT FOR THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

1. Company shall perform regular self-assessment for the implementation of Good Corporate Governance at least 1 (one) assessment every 1 (one) year.
2. Self-assessment for the implementation of Good Corporate Governance as referred in number 1 shall be performed based on guidelines of Good Corporate Governance and self-assessment checklist as prepared by the government-established committee for preparing the policy on Good Corporate Governance.
3. Self-assessment report on the implementation of Good Corporate Governance is an inseparable part of the Good Corporate Governance Implementation Report as referred in romawian number II number 2.

V. ACTION PLAN

1. Company shall prepare action plan to improve or enhance the Good Corporate Governance implementation as a follow-up to self-assessment results. The action plan includes the necessary corrective actions and completion time or completion obstacles, in the event of any lack in the implementation of Good Corporate Governance.
2. Action plan as referred in number 1 is an inseparable part of the Good Corporate Governance implementation report.

VI. FORMAT AND STRUCTURE OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT

Format and structure of Good Corporate Governance implementation report are as included in the Appendix which is inseparable from Financial Services Authority Circular Letter.

VII. GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORTING TIME

1. Company shall submit the Good Corporate Governance implementation report of the current year to the Financial Services Authority no later than 28 February of the following year.
2. In the event 28 February is days off, the deadline shall be the first business day after the 28 February.

VIII. SUBMISSION PROCEDURE

1. Company shall submit Good Corporate Governance implementation report which is already signed by Board of Directors and Board of Commissioners to Chief Executive of Non-Bank Financial Industry Supervisor in hardcopy and softcopy formats.
2. Address to submit the report is:

Chief Executive of Non-Bank Financial Industry Supervisor
Financial Services Authority
u.p. Direktur of Supporting Services of Non-Bank Financial Industry
Sumitro Djojohadikusumo Building 14th floor
Jl. Lapangan Banteng Timur Nomor 2-4
Jakarta 10710.

3. In the event of a change in address of the Financial Services Authority office for submission of report as referred in paragraph number 2, the Financial Services Authority shall announce the change in a letter or announcement.

IX. TRANSITIONAL PROVISIONS

Self-assessment on the implementation of Good Corporate Governance for insurance loss appraisal company as referred in romawian number IV number 2 shall be effective on the enactment of Good Corporate Governance guidelines and the self-assessment checklist as prepared by the government-established committee which is tasked to prepare the good corporate governance policy.

X. CLOSING

Provisions in this Financial Services Authority Circular Letter shall be effective on the stipulated date.

For public purpose, this circular letter shall be issued in the state Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on 9 December 2014

Chief Executive of Insurance, Pension Fund, Financing Agency and
Other Financial Service Agency of the Financial Services Authority,
Signed by
FIRDAUS DJAELANI

APPENDIX

CIRCULAR LETTER OF FINANCIAL SERVICES AUTHORITY

NUMBER 18/SEOJK.05/2014

ON

GOOD CORPORATE GOVERNANCE IMPLEMENTATION REPORT FOR INSURANCE BROKERAGE COMPANIES, REINSURANCE BROKERAGE COMPANIES AND INSURANCE LOSS APPRAISAL COMPANIES

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A. Good Corporate Governance implementation disclosure.

1) Implementation of duties and responsibilities of Board of Directors and Board of Commissioners.

- a) number, position name, criteria, appointment date by GMS, terms of office, citizenship and domicile of members of Board of Directors and Board of Commissioners

(1) Board of Directors

No	Name	Position	Criteria			Appointment date by GMS	Terms of office	Citizenship	Domicile
			Last formal education and profession title	Work experience in insurance sector	Fit and proper test				
1.									
2.									
Etc.									

Provide details for the above table

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In the event there is a change in membership of the Board of Directors in the reporting year, the previous membership structure of the Board of Directors shall be included in the following table:

No	Name	Position	Appointment date by GMS	Discharge date by GMS
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(2) Board of Commissioners

No	Name	Position	Criteria			Appointment date by GMS	Terms of office	Citizenship	Domicile
			Last formal education and profession title	Work experience in insurance sector	Fit and proper test				
1.									
2.									
Etc.									

Provide details for the above table

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In the event there is a change in membership of the Board of Commissioners in the reporting year, the previous membership structure of the Board of Commissioners shall be included in the following table:

No	Name	Position	Appointment date by GMS	Discharge date by GMS

b) duties and responsibilities of Board of Directors and Board of Commissioners.

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c) dual position of Board of Directors and Board of Commissioners.

(1) Board of Directors

No	Name	Position in Company	Position in Other Company	Name of the Other Company	Business Sector
1.			1.		
			2.		

			Etc.		
2.			1.		
			2.		
			Etc.		
Etc.					

(2) Board of Commissioners

No	Name	Position in Company	Position in Other Company	Name of the Other Company	Business Sector
1.			1.		
			2.		
			Etc.		
2.			1.		
			2.		
			Etc.		
Etc.					

d) training of Board of Directors and Board of Commissioners

training in relation to improvements in human resources in achieving the vision and mission of the company.

(1) Board of Directors

No	Name	Position	Workshop/training/seminar	Organizer	Date	Venue
1.						
2.						
Etc.						

(2) Board of Commissioners

No	Name	Position	Workshop/training/seminar	Organizer	Date	Venue
1.						
2.						

Etc.					
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e) implementation of activities and recommendations of the Board of Commissioners.

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f) frequency of meetings of Board of Directors and Board of Commissioners in 1 (one) year.

(1) Meeting of Board of Directors

No	Name	Position	Total meeting of Board of Directors (... meetings)		
			Attendance		% Attendance
			Physical	Teleconference/ Videoconference/ Other Electronic Media	
1.					
2.					
Etc.					

(2) Meeting of Board of Commissioners

No	Name	Position	Total meeting of Board of Commissioners (... meetings)		
			Attendance		% Attendance
			Physical	Teleconference/ Videoconference/ Other Electronic Media	
1.					
2.					
Etc.					

(3) Meeting between Board of Commissioners and Board of Directors

No	Name	Position	Total meeting of Board of Commissioners and Board of Commissioners (... meetings)		
			Attendance		% Attendance
			Physical	Teleconference/ Videoconference/ Other Electronic Media	

				Media
1.				
2.				
Etc.				

(4) Meeting between Board of Commissioners and External Auditor

No	Name	Position	Total meeting of Board of Commissioners and External Auditor (... meetings)		
			Attendance		% Attendance
			Physical	Teleconference/ Videoconference/ Other Electronic Media	
1.					
2.					
Etc.					

2) Implementation of external auditor function

The function of external auditor:

The task implementation effectiveness of external auditor and the company's compliance with the provisions, include the provision of all accounting records and data required by the external auditor to enable the external auditor to provide opinion on the fairness, compliance and conformity of the company's financial statements with the applicable audit standards. For example relevant provisions of the obligation to fulfill the minimum own capital, the amount of unpaid premium which should not exceed the own capital, and the implementation of the principle concerning your customer for insurance brokers.

Public accountant office shall perform audit on financial statements of the Company for the past 6 years:

Year	Public accountant office	Accountant name (individual)

This provision shall only apply to insurance brokerage and reinsurance brokerage companies.

3) Risk management implementation, including internal control system.

a) active supervision of Board of Directors and Board of Commissioners.

for example: review on accuracy sufficiency of underwriting and human resources policies.

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b) sufficiency of policy, procedure and risk limit setting.

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c) sufficiency of risk identification, measurement, monitoring and control process.

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d) risk management information system.

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e) comprehensive internal control system.

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4) Implementation of remuneration policy and other facilities for members of Board of Directors and Board of Commissioners for 1 (one) year.

Type of remuneration and other facilities	Total received in 1 year	
	Board of Directors (million Rp)	Board of Commissioners (million Rp)
1. Remuneration (including salary and other fixed income, including benefits, stock-based compensation, gratification and other form of remunerations in the form of non-in kind)		
2. Other facilities in the form of in kind (housing, transportation, health insurance and others)		
Total		

5) Transparency of financial and non-financial conditions of the Company which are not yet disclosed in other reports.
for example: disclosure of the rating of the company as conducted by rating agencies, transparency of products presented in brochures, leaflets and other promotional media and in the company's website, transparency of the procedures for complaints and dispute resolution to policyholders, and shares buy back.

6) Outsourced Company functions

No	Outsourced function to other party	Other party as partner	Business license of the other party	Contract terms	Reason for selecting the other party

7) GMS authority implementation

a) implementation of annual GMS and extraordinary GMS and resolutions from each GMS.

b) GMS announcement and invitation processes.

c) other matters which still waiting for GMS approval.
for example: transactions and appointments of Board of Directors and Board of Commissioners

B. Disclosure of share ownership by members of Board of Directors and Board of Commissioners which is equal or more than 5% (five percent) of paid-up capital, including the type and number of share certificates.

Name	Position	Share ownership by members of Board of Directors and Board of Commissioners which is equal or more than 5% (five
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Unofficial
Translation

Etc.									
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Note:

- *) Financial relations: debt/loan, business partnership etc.
- ***) Familial relations: husband/wife/child/parents/sibling/in-law, etc.

D. Financial and family relationships between members of the Board of Commissioners, members of the Board of Directors, and/or shareholders of the Company where members of the Board of Commissioners have position.

Name	Financial relations with								
	Other member of Board of Commissioners			Other member of Board of Directors			Shareholder		
	Yes	No	Description*	Yes	No	Description*	Yes	No	Description*
1.									
2.									
Etc.									

Name	Familial relations with								
	Other member of Board of Commissioners			Other member of Board of Directors			Shareholder		
	Yes	No	Description*	Yes	No	Description**	Yes	No	Description*
1.									
2.									
Etc.									

Note:

- *) Financial relations: debt/loan, business partnership etc.
- ***) Familial relations: husband/wife/child/parents/sibling/in-law, etc.

E. Total internal frauds.

Internal frauds in 1 year	Total cases performed by		
	Member of Board of Directors and Board of Commissioners	Permanent employee	Non-permanent employee

	T-1	T	T-1	T	T-1	T
Total frauds						
Already resolved						
In internal resolution process						
No resolution effort yet						
Already legally followed-up						

F. Disclosure of other important matters.

1) resignation or discharge of external auditor.

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2) material transaction with related party.

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3) current and/or potential conflict of interests.

Example of current and/or potential conflict of interests includes Company asset purchase by a member of Board of Directors, a member of Board of Commissioners and/or corporate employee.

No	Name and position of party with conflict of interests	Name and position of decision maker	Transaction type	Transaction value (million Rupiah)	Information *)
1.					
2.					
Etc.					

Note:

*) It is not in accordance with the prevailing system and procedure.

4) Other material information on related party and Good Corporate Governance, including owner intervention, internal dispute, or issues due to remuneration policy in the Company.

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G. Legal issue.

Legal issue	Total cases	
	Civil	Criminal
Already received a legally binding decision: a. Civil b. Criminal		
In the process of settlement in courts and in alternative dispute resolution institution for civil case: a. Civil b. Criminal		
Total		

III. ACTION PLAN

No	Corrective action	Resolution Target	Resolution obstacle	Information
1.				
2.				
Etc.				

Approves,

Board of Directors

Board of Commissioners

Enacted in Jakarta
 on 9 December 2014
 Chief Executive of Insurance, Pension Fund, Financing Agency and Other Financial Service Agency of the Financial Services Authority,
 signed
 FIRDAUS DJAELANI

Chief Executive of Insurance, Pension Fund, Financing Agency and Other Financial Service Agency of the Financial Services Authority,
 signed
 FIRDAUS DJAELANI