

Financial Services Authority

To:

1. Directors of the Insurance Company; and
2. Directors of the Reinsurance Company,
at the respective addresses.

COPY

COMMISSIONER BOARD CIRCULAR LETTER OF OJK

NUMBER 24 / SEOJK.05 / 2015

CONCERNING

ASSESSMENT OF BONDS INVESTMENT AND ADJUSTMENTS FOR RISK-
BASED CAPITAL ADEQUACY OF INSURANCE COMPANIES AND
REINSURANCE COMPANIES

In connection with the mandate of Article 5 (2) Minister of Finance Regulation Number 53 / PMK.010 / 2012 concerning Financial Soundness of Insurance and Reinsurance Company and pay attention to Chairman of the Capital Market Supervisory Agency and Financial Institution Regulation Number PER-08 / BL / 2012 regarding Guidelines for Calculation of Risk-Based Capital Adequacy for Insurance and Reinsurance Company, it is necessary to set the adjustment calculation of the investment ratings bonds that includes corporate bonds, corporate sukuk, securities issued by the Republic of Indonesia, securities issued by countries other than the Republic of Indonesia, securities issued by Bank Indonesia, and securities issued by multinational institutions where the Republic of Indonesia becomes one of the members or shareholders, as well as risk-based minimum capital adjustment used in calculating the solvency level for insurance companies and reinsurance companies in OJK Circular Letter as follows:

I. GENERAL PROVISIONS

1. That the impact of the current global financial conditions has resulted in market value of investment bonds owned by insurance companies and reinsurance company's shows the unusual value.
2. That the impact of the current global financial conditions have resulted in a decrease in the solvency level of insurance companies and reinsurance companies less than the solvency margin required in Finance Minister Regulation Number 53 / PMK.010 / 2012 concerning Financial Soundness of Insurance and Reinsurance Company.
3. In relation to point 1 and / or point 2 should be provided a stimulus for insurance companies and reinsurance companies in the valuation of investment bonds in order to reflect a reasonable value, as well as risk-based minimum capital adjustments that accounted for calculated the solvency level.

II. BONDS VALUATION

1. Insurance companies and reinsurance companies can evaluate bonds using the amortized value.
 2. In case of insurance companies and reinsurance companies evaluate bonds referred in point 1, then the bond ratings apply to all bonds owned by Insurance company and reinsurance companies.
- III. MINIMUM RISK-BASED CAPITAL ADEQUACY ADJUSTMENT
1. Total minimum risk-based capital accounted for in calculating the solvency margin by 50% (fifty percent) of the minimum risk-based capital calculation as stipulated in the Regulation of the Chairman of Capital Market Supervisory Agency and Financial Institution Number PER-08 / BL / 2012 concerning Guidelines for Calculation of Risk-Based Capital Adequacy for Insurance and Reinsurance Company.
 2. Percentage of risk-based minimum capital accounted for in the calculation of solvency margin as mentioned in point 1, adjustable to the solvency level of the company reached the highest 120% (one hundred and twenty percent).
- IV. IMPLEMENTATION OF VALUATION AND ADJUSTMENT OF BONDS AND MINIMUM RISK-BASED CAPITAL ADEQUACY
1. Insurance companies and reinsurance companies who meet the conditions referred to in the roman numerals I point 1 and point 2 may apply the provisions of the roman numeral II and / or the Roman numeral III.
 2. In case of insurance companies and reinsurance companies had valuation referred to in the roman numeral II and based on the valuation of the solvency margin is already comply with the provisions in the Minister of Finance Regulation Number 53 / PMK.010 / 2012 concerning Financial Soundness of Insurance and Reinsurance Company, the provisions referred to in the Roman numeral III are not applicable.
- V. CONCLUDED PROVISION

These provisions in OJK Circular Letter comes in force on the date it is stipulated to until the date of the revocation of this OJK Circular Letter.

Stipulated in Jakarta
on August 31, 2015
CHIEF EXECUTIVE SUPERVISORY
OF INSURANCE, PENSION FUND,
FUNDING AGENCIES,
INSTITUTIONS AND OTHER
FINANCIAL SERVICES OTORITAS
JASA KEUANGAN,

Signed by

FIRDAUS DJAELANI

Copied is in accordance with the original
Director of Legal Affairs I
Department of Law,

Signed by

Sudarmaji