

MNC insurance promotes earthquake protection product

JAKARTA: PT MNC Insurance Indonesia (MNC Insurance) held a public relations conference on Earthquake Insurance for the community from February 1-2, 2018 at MNC Financial Center, Kebon Sirih, Jakarta. MNC Insurance Marketing Director Rinawati stated at this occasion that Indonesia is prone to earthquakes. At this event, his company provided information and interesting offers in connection with earthquake insurance. "We are promoting the concept of earthquake insurance as one form of protection for losses that can occur," he explained in Jakarta, Thursday (1/2/2018).

At this occasion, MNC Insurance introduced one of its products, MNC Home Express. This product provides protection to a house and its contents; one of the features of this product is Earthquake Insurance which also includes natural disasters. "Thanks to this product, customers obtain protection for damage caused by earthquakes or other natural disasters, such as volcanic eruptions through additional premiums," said Rinawati.

The event was held for two days, he continued, in addition to aiming to increase the knowledge of the public related to insurance, MNC Insurance also provides various attractive offers to its customers and prospective policyholders. "In addition to sharing information about disaster insurance coverage, of course, we are here to make offers to our customers and potential policyholders," said Rinawati.

Source: <https://ekbis.sindonews.com/read/1278537/178/mnc-insurance-sosialisasikan-perlindungan-asuransi-gempa-bumi-1517470939>

OJK reg on green bonds

(MKK banking team and research by Aditya Putera John M)

The Financial Services Authority (OJK) recently issued *Regulation No.60/04/2017, regarding Issuance and Requirements for Green Bonds* (the “**Regulation**”). Under the Regulation, Green Bonds are defined as *debt securities which funds are used to finance or refinance environmentally-friendly business activities (Kegiatan Usaha Berwawasan Lingkungan or “KUBL”)*,

The funds generated from the issuance of the Green Bonds can be used to finance KUBL which business or other activities are related to:

- a. renewable energy;
- b. energy efficiency;
- c. pollution prevention and control;
- d. management of biological natural resources and sustainable land use;
- e. conservation of terrestrial and aquatic biodiversity;
- f. environmentally friendly transportation;
- g. sustainable water and wastewater management;
- h. adaptation to climate change;
- i. products that can reduce the use of resources power and produce less pollution (eco-efficient);
- j. environmentally sound buildings that meet nationally recognized standards or certifications, regional, or international; and
- k. business activities and/or other insightful activities which related to other environments.

An issuer that carries out a public offering of Green Bonds must comply with the provisions of laws and regulations in the Capital Market sector governing Registration Statements, Debt Securities Public Offering and other related regulations, unless specifically stipulated in the Regulation of the OJK. The issuer is also required to submit (i) periodical environmental review reports conducted by Environmental Experts annually and if there is any material change in KUBL until all of the issuer obligations to holders of the Green Bonds are settled, and (ii) reports on the use of funds as set forth in the OJK Regulation concerning the report on the use of the proceeds from the Public Offering.

An Issuer is also required to submit reports on the use of the proceeds, pursuant to the Regulation concerning the report on the use of the proceeds from the Public Offering. The OJK is authorized to impose administrative sanctions on any party that violates the provisions of this OJK Regulation.

Conclusion

Promulgation of these bonds is a forward-looking and beneficial move in principle because it means that efforts are being made to protect and sustain the environment in line with international efforts to do the same. If proper oversight is conducted, offering a new asset class onto the market should be a positive development.

Settlement of insurance complaints under the law

(MKK insurance team and research by Aditya Putera John M)

Dispute resolution is a topic that has generated much conversation and interest in the light of various cases involving insurance companies having been summoned by the police over claims disputes. The law regarding Claims Disputes is set out in *Financial Regulation No. 69/POJK.05/2016 on the Organization of Insurance, Sharia-Insurance, Reinsurance and Sharia-Reinsurance Companies* (“**Reg 69**”). Reg 69 covers the operation of insurance and reinsurance companies.

Regarding claims disputes, an insurance company or sharia unit must promptly handle claims made by a policyholder, the insured, the participant or a ceding company. First, the insurance company or sharia unit is required to settle a claim regarding any of its marketed products in a manner which reflects that the handling of the claim was done through a fast, simple, accessible, and fair process. For settlement purposes, insurance companies and sharia units are also allowed to appoint insurance loss appraisers which have secured the relevant licenses from the OJK

In addition, insurance companies and sharia units are required to settle claims payments as stipulated in the insurance policy in question within 30 days of any policy holders/insured parties/participants reaching an agreement with the relevant insurance company/sharia unit or when sufficient clarity is achieved with regard to the amount of the payable claim (whichever comes sooner). In cases where claims are to be settled through a dispute resolution mechanism (either through litigation or alternative-dispute-resolution mechanisms), then payment must be made after a decision has been rendered.

Court decision changes termination rules in manpower law

(Made Barata, S.H., Miranda Mamahit, S.H.)

The Indonesian Constitutional Court granted the request of judicial review of Article 153 Paragraph 1 sub paragraph f of Law No. 13 of 2003 on the Manpower Law (“**Manpower Law**”). The application was submitted by eight employees from the state electric company, *Perusahaan Listrik Negara* (“**PLN**”), namely Jhoni Boetja, Edy Supriyanto Saputro, Airtas Asnawi, Syaiful, Amidi Susanto, Taufan, Muhammad Yunus and Yekti Kurniasih (“**Applicant**”).

As to the verdict of the Constitutional Court, a company will be unable to set rules that prohibit employees from marrying a colleague in the same company. The verdict has fully granted the request of the Applicant, by considering that the link of blood or marriage is destiny and inevitable. The Court also deemed that in the event of such a marriage, no other person's rights would be infringed upon.

In this case, the company required employees to not have a blood and/or marital relationship with other employees at the same company and cites it as a reason for termination of employment. However, the aforementioned reason was not in line with the norms of Article 28 D Paragraph (2) of the 1945 Constitution (“**UUD 45**”) and the Universal Declaration of Human Rights and the International Covenant on Economic, Social, and Cultural Rights (“**DUHAM**”). Consequently, the Applicant’s request was deemed to be reasonable according to Indonesian law.

In addition to granting the petition, the Constitutional Court also ruled that the phrase "*unless it has been regulated in a work agreement, company regulation or collective labor agreement*" in Article 153 Paragraph 1 sub paragraph f was contrary to UUD 45 and had no binding legal force.

Registered in file No.13/PUU-XV/2017 (“**MK 13/2017**”), the Applicant disputed the article governing the prohibition of marriage at the same company. In sub paragraph f, it is stipulated that: "*Employers are prohibited from terminating employment by reason of the employee has blood relation and / or marital bond with other employee in the same company, unless otherwise provided in employment agreements, company regulation or collective labor agreements.*"

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The phrase "*unless otherwise provided in employment agreements, company regulation or collective labor agreements*" had been a loophole for companies to prohibit employees from marrying co-workers. If an employee still wishes to marry a co-worker, usually the company requires one person to resign from the company. Such requirement was deemed to be contrary to Article 27 Paragraph 2, Article 28 Paragraph 1, Article 28C Paragraph 1, and Article 28D paragraph 2 of the UUD 45.

Given the foregoing, the Applicant requested the Constitutional Court to annul the phrase "*unless otherwise provided in employment agreements, company regulation or collective labor agreements*". Thus, Article 153 (1) sub paragraph f in the Manpower Law now reads in its entirety: "*an employer shall be prohibited from conducting termination of the employment relationship due to the employee having a blood relationship and/or marital bond with another employee at the same company.*"¹

¹ Constitutional Court Decision No. 13/PUU-XV/2017, dated December 14th, 2017
http://www.mahkamahkonstitusi.go.id/public/content/persidangan/putusan/13_PUU-XV_2017.pdf

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