

**RECENT DEVELOPMENTS**

**President approves new tobacco regulation**

Jakarta (ANTARA News) - President Susilo Bambang Yudhoyono has signed a government regulation, PP No. 109/2012, on the use of approved additives in tobacco.

"President Yudhoyono has approved the draft of the regulation that contains 65 articles and eight chapters with regard to new rules concerning tobacco, which were set on December 24, 2012," the State Secretariat said in a statement here on Wednesday.

"PP No 109/2012 involves rules relating to the production process of tobacco, including instructions on the use of nicotine and tar test contents, added ingredients, packaging and labeling, as well as health warning," it stated.

Besides the production process, the new regulation also covers the distribution process, which includes selling, advertising, promotion and sponsorship.

"The regulation also has a chapter on protection, which is aimed at reducing the possibility of children, youngsters and pregnant mothers falling victims to tobacco products," the statement pointed out.

Article 25 of PP No. 109/2012 prohibits selling tobacco to children under 18 years of age and pregnant women. The regulation also applies to convenience stores and cigarette vending machines.

The new regulation has also designated non-smoking areas to protect the public from the dangers of passive smoking. Non-smoking areas include public health facilities, student learning centers, children`s playgrounds, places of worship, public transportation, workplaces, and other public places.

Source: <http://www.antaraneews.com/en/news/86720/president-approves-new-tobacco-regulation>



## **New regulation on Financial Soundness of Insurance and Reinsurance Companies (“MOF Reg 53”)**

by Adeleine

MOF Reg 53 was issued on 3 April 2012 and will come into force on 1 January 2013. This regulation makes improvements to the prior regulations on the financial soundness of insurance and reinsurance companies, both to limited liability companies and non-limited liability companies.

MOF Reg 53 repeals and replaces the prior regulations were stipulated under: Articles 21, 22, 28, and 31 of MOF Decree No. 422/KMK.06/2003 on Organizing Insurance and Reinsurance Business, MOF Decree No. 424/KMK.06/2003 on Financial Health of Insurance and Reinsurance Companies (as amended several times, the last being MOF Regulation No. 158/PMK.010/2008), Article 18 of MOF Decree No. 426/KMK.06/2003 on Business Permits and Organizational Structure of Insurance and Reinsurance Companies and MOF Decree No. 504/KMK.06/2004 on Financial Health of Insurance and Reinsurance Companies for Incorporated Entities Not Classified as a Limited Liability Company.

MOF 53 sets out that insurance and reinsurance companies (the “Companies”) must set an annual solvency margin target of at least 120% from their risk base minimum and shall meet the solvency margin (the total permitted assets subtracted by the total liability) of at least 100% from their risk base minimum capital in order to qualify as a financially healthy company. In the event a company fails to meet the solvency margin threshold 100%, it is required to submit a financial restructuring plan to the Minister of Finance and is prohibited from providing dividends or other rewards to shareholders.

The regulation requires Companies to obtain automatic reinsurance support for every line of insurance the company offers, including automatic reinsurance for catastrophic risk, and Companies must prioritize national reinsurance companies above overseas reinsurers.

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