

OJK Issues New Regulation on The Marketing and Distribution of Insurance Products

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The Financial Services Authority (*Otoritas Jasa Keuangan* – “**OJK**”) has issued OJK Regulation No. 8 of 2024 regarding Insurance Products and Marketing Channels for Insurance Products (“**POJK 8/2024**”).

Why was POJK 8/2024 issued?

POJK 8/2024 was issued in light of technology-based developments in the insurance industry. It refines the approval process for insurance products and their distribution channels concerning the use of electronic or digital insurance policies and the governance of insurance product development.

What has changed?

POJK 4/2024 regulates several key matters, including:

- a. Types and criteria of insurance products;
- b. Insurance policies;
- c. Premiums or contributions;
- d. Termination of coverage/membership;
- e. Insurance product approval;
- f. Reporting of insurance products;
- g. Insurance product distribution channels;
- h. Conducting insurance products digitally;
- i. Compliance with Sharia principles;
- j. Insurance product development;
- k. Insurance product development committee;
- l. Monitoring the performance of insurance products; and
- m. Termination of insurance products.

POJK 8/2024 applies to numerous insurance aspects and types of insurance products including:

- types and criteria of insurance products,
- bolstering PAYDI provisions,
- insurance policy clauses,
- mechanisms for calculating and determining premiums/contributions, as well as the approval and reporting processes for insurance products.

Furthermore, adaptations are needed for digital insurance operations, ensuring compliance with Sharia principles, conducting studies on insurance product development, monitoring product performance, establishing insurance product development committees, and addressing the discontinuation of insurance products.

Adjusted OJK Approval and Reporting Requirement for New Insurance Products

New insurance products or those with specific criteria must obtain approval from the OJK before being marketed to the public. This includes new products or significant modifications of existing products affecting risk coverage or cash value calculation methods, sharia financing or products in the suretyship business line or sharia suretyship business line.

The current framework contained in OJK Regulation No. 23 of 2015 regarding Insurance Products and Marketing Channels for Insurance Products ("**POJK 23/2015**") does not include any criteria-based insurance products and only set criteria that applied to new insurance products.

Insurance products that do not require OJK approval but must be reported within 5 working days after marketing to the public include: ¹

- a. New products and that do not meet specific criteria;
- b. Developed products with material changes and that do not meet specific criteria; and
- c. Developed, criteria-based products without material changes.

Digital Marketing²

Insurance products can be administered and marketed digitally either independently or through partnerships. If they are market via a partnership, this will require prior approval from OJK.

Insurance companies that conduct and market insurance products digitally must fulfil the following requirements:

- a. Possess an electronic system provider registration issued by the competent authority in accordance with the provisions of laws and regulations in the field of information and electronic transactions;
- b. Have and implement policies, standards, and procedures for information technology risk management; and

¹ Article 42 of POJK 8/2023

² Article 58-59 of the POJK 8/2024



- c. Fulfil all requirements mandated by the OJK and authorized institutions for the operation of electronic systems.

Effective Date and Reporting of Pending Insurance Products

POJK 8/2024 will come into force on 25 October 2024.

From this date, POJK 23/2015 and Article 50 of Regulation No. 73/POJK.05/2016 regarding Good Corporate Governance for Insurance Companies, will be revoked and declared null and void.

Pending insurance product reports must follow OJK regulations, ensuring compliance and transition within this period.

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