

To: Dr. Wimboh Santoso S.E. MSc, PHD
Chairman of the Board of Commissioners of the Financial Services Authority
Otoritas Jasa Keuangan, Gedung Soemitro Djojohadikusumo
Jalan Lapangan Banteng Timur 2-4
Jakarta 10710 Indonesia

Date: August 12, 2020

Subject: Reinsurance and Data Localisation – Path Forward

Dear Mr. Chairman,

I hope you and the OJK community are safe and healthy at this time of global challenge. We, the Global Federation of Insurance Associations (GFIA), have communicated with your agency on an ongoing basis since 2014 regarding our concerns regarding both forced localization of reinsurance and data, and we have raised this issue with the Financial Minister Level as being a contributor to fragmentation risk and inconsistent with the IAIS Insurance Core Principles.

We commend and value your June 29th release of regulations to remove the first 50 percent domestic retention requirement from simple business reinsurance retention by June 30th (with removal of 100 percent by yearend). We would seek your urgent guidance on your specific implementing measures that reinsurers, and insurers admitted in Indonesia can use to engage in reinsurance agreements that comply with as yet undefined terms. Now more than ever is a time when global market capacity and innovation will be needed for recovery and preparation for new catastrophic risks.

With July 1st past, we respectfully request an official OJK notification to all primary companies in Indonesia that as of June 30th they can legally place half their simple risks with reinsurance companies overseas and that the second 50 percent of simple risk reinsurance may be placed overseas by the end of the year. Additionally, we would request confirmation that the data localization requirements for insurers and reinsurers have been revoked, and that no such requirement is still in place. As an interested party of record, we would be pleased to host a virtual roundtable discussion among admitted companies and global reinsurers where they can seek clarification on the scope of coverage of the reforms and details as to mentioned but not defined exceptions.

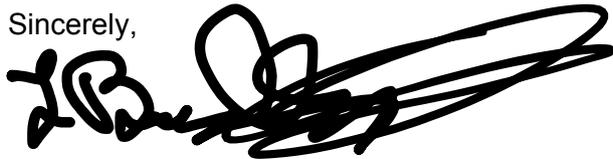
Global support for risk mitigation and management will be critical in returning growth to historical norms, and minimizing any dip in expansion and investment. Our members serve consumers worldwide, and we are very grateful to OJK for acting to resolve these matters and focus on consumer oriented prudential supervision. Clear and transparent implementation will also be important, and industry along with relevant International organizations are ready to collaborate with you at your earliest convenience.

Towards that end, please let us know if a Microsoft Teams or Zoom Video call would be possible. Likewise I believe several of our member national embassies are in regular contact with you on these issues.

Indonesia is a tremendously important market regionally, globally and in the Islamic World.

I thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Smith', with a large, sweeping flourish extending to the right.

Brad Smith
Chair of the GFIA Trade Working Group
BradSmith@aclj.com

Cc: Vice Minister of Foreign Affairs Mahendra Siregar