

Headline News

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WHAT WE STAND FOR

Howden Indonesia, as part of the worldwide Howden Broking Group and Hyperion headquartered in London, follows all the principals and ideals of a professionally run global insurance business. We are in the business of solving our clients' insurance problems and meeting their needs through highly effective and focused know-how, expertise and commitment.

Howden focuses its position on helping people and major corporations solve their toughest insurance problems based on a responsive service culture and independent yet charismatic style.

As a specialist, our service is a combination of our knowledge about the subject in-hand, regulatory and legal implications and our expertise on how to create an insurance solution that works to the best interest of our clients.

Our core values reflect our culture and ethos (client focused, winning, innovating, non-political and meritocratic). It is vital to our continued success that we keep these values at the heart of everything we do.

Our promise is that, if anyone can do it, Howden can.

HEALTH & BENEFITS

BPJS Update - The Pension Guarantees (Jaminan Pensiun.)



by Sri Andayani

As you aware of the recent development regarding BPJS, we would like to share some information regarding BPJS Pension Guarantees.

BPJS Pension Guarantees is a government program to be managed and administered by BPJS Ketenagakerjaan, and it will be a compulsory program for all companies in Indonesia. This program is not to replace nor to act as contributory factor in respect of companies obligation as stipulated under the Labour Law no. 13/2003 related to employment termination or retirement.

At the time of this article being written, the draft regulation regarding pension guarantee has been signed and approved by the President of Indonesia.

The benefit for employee under this Pension Guarantees is in essence an monthly fixed amount received by employee after his/her of retirement age or if he/she is deemed to be totally disabled and unable to work anymore this is so called "Jaminan Hari Tua or Jaminan Cacat Tetap". This benefit is for lifetime and can be passed on to spouse and child if the retiree has passed away. However the amount of benefit "Jaminan Hari Tua" is reduced by 50% if the receiver of the benefit is the spouse or child.

The amount of "Jaminan Hari Tua" is to be determined by a certain set of calculation; with the range of IDR 300,000 per month as minimum to IDR 3,600,000 as maximum. This range will be reviewed on annual basis.

As an employee during his/her working age, there is cost involved so called contribution or "iuran", the contribution is 1% of monthly salary (wage plus fixed allowance). Off course company must also contribute to this program, and the contribution from the company is 2% of monthly salary.

In addition to the contribution as mentioned above, there is also a condition for retiree to receive monthly "Jaminan Hari Tua or Jaminan Cacat Tetap" that condition is that retiree during his/her employment time have to contribute at least 15 years before his retirement benefit is due. If the contribution is less than 15 years then instead of monthly "Jaminan Hari Tua or Jaminan Cacat Tetap" for lifetime, the benefit will only be paid once as a lumpsum, this lumpsum amount is to be determined by a certain set of calculation defined by BPJS.

For further information on healthcare insurances and BPJS Kesehatan. Please visit <http://www.howdenindonesia.com> and email us at general@id.howdengroup.com or contact us on 0212939 4900- Health & Benefits.

CORPORATE RISKS

The Obligation To Use Rupiah.

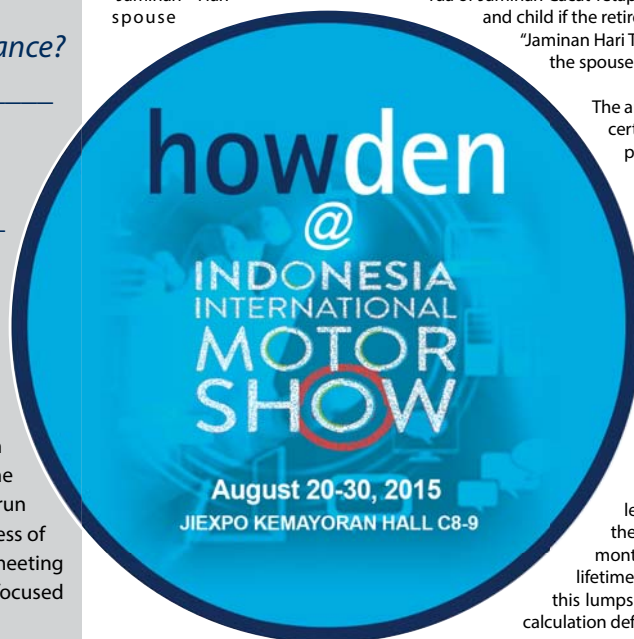


by Rusan Abubakar

After becoming an issue several months ago, finally on 1 July 2015, Bank Indonesia's (BI) formally executed the new BI Regulation No. 17/3/PBI/2015 regarding the Mandatory Use of Rupiah in Indonesia which thereby came into effect. This BI Regulation, signed on 31 March 2015, restricts the use of foreign currency in transactions conducted in Indonesia with the aim to deepen the domestic rupiah market and stabilize the rupiah currency (which has been depreciating against the US dollar). A previous law (Law No. 7/2011) allowed for involved contracting parties to agree using an alternative currency (other than the rupiah) for payments depending on the contracting currency.

BI Regulation No. 17/3/PBI/2015 requires the use of the rupiah in cash and non-cash transactions (for example checks, giro order, credit cards, debit cards, ATM or electronic money) conducted within the territory of Indonesia. This involves:

- Transactions conducted in Indonesia for the purpose of all payments;
- Transactions conducted in Indonesia for the settlement of other obligations that must be fulfilled with money; and/or
- Other financial transactions conducted in Indonesia.



However and at the same time, Bank Indonesia also exempted specific transactions from the mandatory use rule in key identified areas. These transactions are the same as those transactions that had been exempted under Article 21(2) of the Currency Law (Law No. 7 of 2011). However, BI Regulation No. 17 (*) provides further details on 'exempted transactions':

- Specific transactions that are related to the implementation of Indonesia's state budget (APBN);
- Acceptance or provision of grants from/to overseas. Article 7 of BI Regulation No. 17 states that the exemption only applies if the receiver or provider of the grant is domiciled overseas;
- International trade transactions, which involves:
 - > transactions conducted in the context of export and import of goods; and
 - > cross-border service (supply and consumption) trade activities (for example online shopping, a call centre, or Indonesian patients in hospitals abroad).
- Foreign exchange savings in banks; and
- International financing transactions (when either provider or receiver of the financing is domiciled abroad);
- Business activities conducted in foreign currencies by banks pursuant to the law regulating banking and sharia banking;
- Transactions using foreign currency involving commercial (debt) paper issued by the Indonesian government in primary markets or secondary markets pursuant to the law regulating state debentures and state sharia commercial paper; and
- Other transactions using foreign currency based on Bank Indonesia Law, the Capital Investment Law, and the Indonesian Export Financing Institutions Law.

Violations of the mandatory use of rupiah for cash or non-cash transactions can result in administrative sanctions (for example a fine of 1 per cent of the transaction value, and a maximum fine of IDR 1 billion). Violating the obligation to declare prices of goods and services in rupiah currency as well as the obligation to provide reports and/or data on the mandatory use of rupiah will result in administrative sanctions in the form of written warnings.

How about for insurance transaction?

BI Regulation No. 17 (Article 16) states that if businesses have trouble implementing the mandatory use of rupiah rule for non-cash transactions, they can request for an exemption by Bank Indonesia.

Under some pressure from insurance brokers and insurers OJK (the state insurance industry regulator), have released a formal letter regarding the obligation to use rupiah for all transactions which contains the following clarification;

JK no. S66/D.05/2015 clearly states that insurance transactions which involve policies which are issued in foreign currency in terms of sums insured and therefore premium are included in the interpretation of the exemptions under Article 16. At the time of writing however, ongoing debate between Bank Indonesia and OJK continues as to whether or not this interpretation is correct. Until OJK advises otherwise therefore insurers continue to agree to allow non-rupiah currency contracts and banks are facilitating the transfer of foreign currency for insurance and reinsurance payments.

We will of course be keeping all our clients fully informed should this change in any way.

(*) source : www.bi.go.id

For further information on The Obligation To Use Rupiah please visit <http://www.howdenindonesia.com>. If you need any queries, please email us at general@id.howdengroup.com or contact us on 021 2939 4900 – Corporate Risks.

MARINE RISKS

What is Wreck Removal Insurance?



by Bambang Kalbuadi

What is a WRECK in maritime terms?

Based on the NAIROBI INTERNATIONAL CONVENTION ON THE REMOVAL OF WRECKS 2007 a "Wreck", following upon a maritime casualty, means:

- a sunken or stranded ship; or
- any part of a sunken or stranded ship, including any object that is or has been on board such a ship; or
- any object that is lost at sea from a ship and that is stranded, sunken or adrift at sea; or
- a ship that is about, or may reasonably be expected, to sink or to strand, where effective measures to assist the ship or any property in danger are not already being taken.

So a Wreck does not refer only to the ship itself, but also includes any part of a sunken or stranded ship, including any object that is or has been on board such a ship.

Why is Wreck Removal Compulsory?

Based on article no. 203 - Indonesian Law no. 17/2008 regarding SHIPPING, the Indonesian Government requires ship owners to remove a wreck and all its cargo within a maximum of 180 days from the ship sunken/stranded. The government realizes that sunken/stranded ships will affect the safety and/or the movement of other ships in sea lane or port areas. Wreck removal activities are expensive and will generate for ship's owner extremely high cost. Because of this exposure, the Indonesian government have decided that buying wreck removal insurance is compulsory for ship owners.

As continuation to the Indonesian Law no. 17/2008, Directorate General of Sea Transportation of Ministry of Transportation released circular letter from The Minister of Transportation no.

AL.801/1/2 Phb 2014 dated 8 December 2014. The summary of the circular letter is, that effective from 1 March 2015, Ship's owner have to buy wreck removal insurance for their vessels with a Gross Tonnage ≥ 35 GT. If the ship owner fails to do so, the sanction applied will be a WARNING, SUSPENSION or REVOCATION OF LICENSE.

How to buy and have wreck removal insurance?

1. Howden can provide such cover as a stand alone wreck removal policy. Utilizing our good relationships with several major insurance companies who are can cover this specific risk; OR
2. Howden can provide a Hull & Machinery Insurance policy with a Wreck Removal extension. This would normally be less premium compared to buying a Protection and Indemnity Insurance; OR
3. Howden can provide a Protection & Indemnity Insurance.

If the need is only to cover Wreck Removal (you do not have a Marine Hull and Machinery policy), buying a Wreck Removal policy only would be the cheapest route to take in. However, if you already have Marine Hull and Machinery policy, please check if you have a wreck removal extension. If the extension is not applicable, please ask your insurance advisor.

If you already have a Protection & Indemnity Insurance you do not need to buy wreck removal insurance since this policy will in generally all circumstances already cover wreck removal.

For further information on Wreck Removal Insurance please visit <http://www.howdenindonesia.com> and email us at general@id.howdengroup.com or contact us on 021 2939 4900 – Marine Risks.

STRATEGIC BUSINESS DEVELOPMENT

Just Letting You Know!



Howden will be participating at one of the biggest exhibitions ever in Indonesia. Yes, we are going to Indonesia International Motor Show!

The Indonesia International Motor Show is considered to be one of the biggest motorcar exhibitions ever staged in the history of Indonesia. This year, IIMS (as we call it) will not just exhibit the newest Mercedes Benz or Lamborghini (well there are some too). Instead, it is a full on entertainment exhibition like you have never seen before.

In addition to a normal motorshow, there will be events such as the Drift War, Gajah Monster Show, Asean Stunt Day that will get your adrenaline pumping. Iconic Cars from Box Office Movies such as Fast & Furious, Batman, and Indiana Jones will be present at the event. Food Trucks Convoy that will please your hunger. Last but not least, a musical concert by the latest rising star from United States' own Ariana Grande!

We get it, we don't sell cars. Then, what are we exhibiting?

In this very event, we – Howden Indonesia, will be exhibiting our own Digital Online System to protect your vehicle using Motor Vehicle Insurance!

The system is called, **Howden Wheels.**

howden wheels

Howden Web Based Solution for Your Vehicle Insurance

In this day and age, it is important to recognize our client's needs and be innovative in what we do. As people are more and more accustomed to the Digital Age, we developed a system that can adapt to the situation of the ease of using an online-based system. Howden Wheels provide that opportunity in buying Insurance protection for your vehicle online.

So please, come and see what the fuss is all about! Visit our Digital Booth as we will be there from 20th – 30th of August, standing in Hall C of the JiExpo Kemayoran.

We'll be waiting!
The Howden Indonesia Auto Team

For further information on howden wheels online insurance system, please visit <http://www.howdenindonesia.com>. If you need any queries, please email us at general@id.howdengroup.com or contact us on 021 2939 4900 – Strategic Business Development.