

**New OJK Regulation on Health Insurance Products:
OJK Circular Letter No. 7/SEOJK.05/2025**

Background:

On 19 May 2025, the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan*/"**OJK**") issued Circular Letter No. 7/SEOJK.05/2025 ("**SEOJK 7/2025**") to provide detailed guidelines for insurance companies and sharia insurance entities in offering health insurance products. This regulation serves as an implementing guideline to OJK Regulation No. 36 of 2024 (which amends OJK Regulation No. 69/POJK.05/2016 on the operations of insurance companies, sharia insurance companies, reinsurance companies, and sharia reinsurance companies) and introduces comprehensive standards to ensure prudent operations and risk management. This regulation becomes effective on 1 January 2026.

Key Highlights:

<i>Eligibility Criteria</i>	<p>Only insurance companies, sharia insurance companies, and sharia units meeting the following requirements may market health insurance products:</p> <ul style="list-style-type: none"> • Employ at least one medical professional (licensed doctor). • Employ staff with certified health insurance expertise. • Establish a Medical Advisory Board (<i>Dewan Penasihat Medis</i>/"DPM").
<i>System and Data Requirements</i>	<p>Eligible insurers must maintain robust digital systems that:</p> <ul style="list-style-type: none"> • Enable data exchange with healthcare providers. • Provide access to membership data, service data and medical resumes including drugs and medical devices, data claims, and be supported with a database that meets disease classification standards and service suitability analysis. • Support medical utilization review (<i>telaah utilisasi</i>). • Maintain a minimum of 10 years' data retention after policy expiry.
<i>Types of Health Insurance Products</i>	<ul style="list-style-type: none"> • Indemnity-based products: reimburse actual medical costs. • Managed care products: provide structured and tiered healthcare access.
<i>Waiting Periods (for individual health insurance products)</i>	<ul style="list-style-type: none"> • Standard maximum waiting period: 30 calendar days. • Up to 1 year for products covering critical/chronic conditions. • Exemptions for short-term policies (< 3 months), riders under investment-linked policies (<i>Produk Asuransi Yang Dikaitkan Dengan Investasi</i>/PAYDI), and micro-insurance.
<i>Risk-Sharing (Co-Payment) Requirements</i>	<ul style="list-style-type: none"> • Minimum co-payment: 10% of the claim amount. • Capped at: <ol style="list-style-type: none"> IDR 300,000 per outpatient claim. IDR 3,000,000 per inpatient claim. • Applies to indemnity and managed care products, microinsurance excluded.
<i>Underwriting and Claim Data</i>	<ul style="list-style-type: none"> • Medical check-ups and risk questionnaires are required for individuals. • For group policies, insurers must collect and report claim performance data (Tax Identity Number/NPWP, premiums, claims paid, loss ratios).

<i>Coordination of Benefits</i>	<ul style="list-style-type: none"> Insurers must integrate mechanisms to coordinate benefits with other guarantors such as BPJS Kesehatan, in accordance with prevailing regulations.
<i>Third-Party Partnership Obligations</i>	<ul style="list-style-type: none"> Agreements with third parties (health facilities, Third Party Administrators (<i>Penyedia Layanan Administrasi Pihak Ketiga</i>)/TPAs, digital service providers, etc.) must include data protection, defined scope of cooperation, and service delivery terms.
<i>Transitional Provisions</i>	<ul style="list-style-type: none"> Existing health insurance policies remain valid until expiration. Policies that auto-renew or have prior OJK approval must comply with SEOJK 7/2025 by 31 December 2026. Claim data reporting starts in Q2 2026. Certification requirements apply once relevant certifying institutions are registered with OJK.

Brief Analysis and Practical Implications:

The issuance of SEOJK 7/2025 represents a significant regulatory shift for health insurance products in Indonesia. It reflects a broader policy intent to align private health insurance with national healthcare priorities, enhance consumer protection, and support the development of digital health ecosystems. From a business perspective, the regulation imposes operational, technical, and financial demands on insurers, but it also presents new market and investment opportunities.

Key implications are outlined below:

Impact on Insurance Companies

- Operational Readiness:** Insurers must recruit qualified personnel (including certified health insurance experts, medical professionals), establish a DPM, and ensure compliance-ready IT systems. This may increase costs of compliance, particularly for smaller insurers or those lacking existing health product portfolios.
- Risk and Claims Management:** Mandatory co-payment features and utilization review mechanisms aim to contain healthcare costs and improve claim quality. However, this will require enhanced internal governance and data systems.
- Product Restructuring:** Existing health insurance products—especially those renewed automatically—must be aligned with the new regulation by 31 December 2026, potentially requiring product redesign and policyholder communication.
- Increased Regulatory Oversight:** Routine reporting of claim performance and claim data standardization will enhance OJK's supervisory capability but adds new reporting burdens.

Impact on Society (Policyholders and the Public)

- Consumer Protection:** SEOJK 7/2025 enhances consumer safeguards through mandatory disclosures, co-payment caps, and wellness promotion programs. Consumers can expect more transparent and structured benefits.
- Cost-Sharing Expectations:** Policyholders will bear a minimum 10% co-payment, which may deter overutilization but could also impact affordability for lower-income groups unless accompanied by education and product clarity.

Impact on Investors

- a. *Market Consolidation Potential:* Smaller insurers may struggle to meet new standards, potentially leading to mergers, acquisitions, or exits. This presents opportunities for larger players and private equity investors.
- b. *Increased Transparency and Predictability:* With more standardized product structures, required claims data, and greater coordination with BPJS, the sector may offer improved risk visibility, which benefits investors assessing long-term viability.
- c. *Support for Digital Health Ecosystems:* SEOJK 7/2025 explicitly supports partnerships with digital service providers and TPAs, opening the door for investment in healthtech and insurtech platforms.

Conclusion

SEOJK 7/2025 reflects OJK's commitment to improving health insurance governance, protecting consumers, and enhancing market discipline. Insurance companies are advised to begin aligning resources, systems, and policy frameworks to meet the new requirements well ahead of the 1 January 2026 effective date. Companies must prepare their systems, human resources, and product structures to ensure timely compliance.

Further Information and Assistance

For more detailed advice or assistance, please contact our legal team:



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