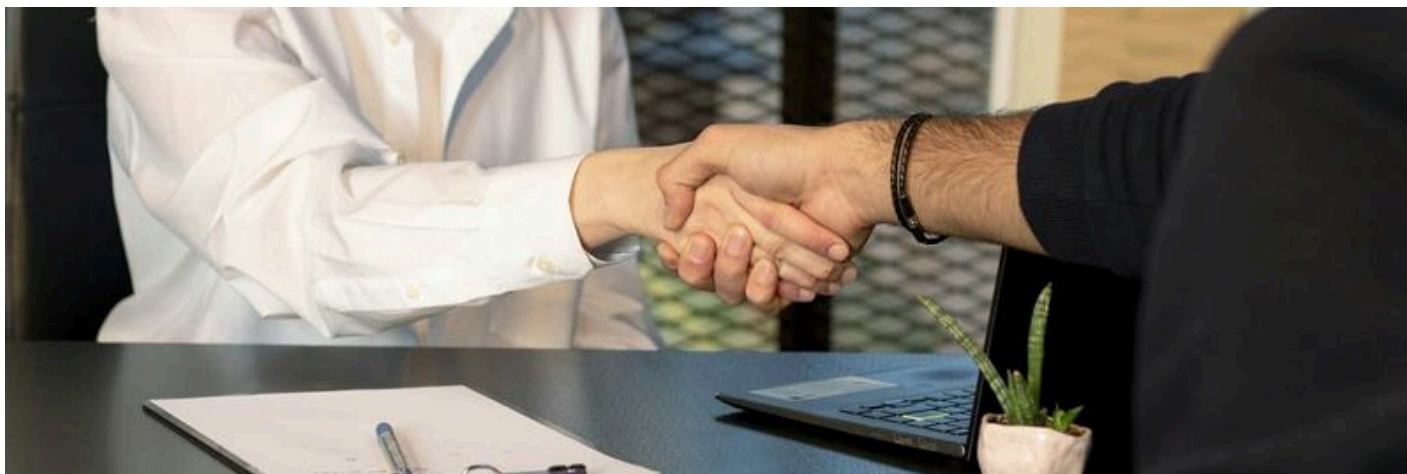




OWNERSHIP AND TAX · PROTECTING THE ASSET

Insuring a villa in Bali: the cover that matters, the rates and the gaps

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No law makes a villa owner in Indonesia buy insurance, yet a basic fire policy skips the risks Bali actually has: earthquake, flood and a guest who gets hurt. Here is what each layer covers and what the regulated rates add up to.

Read online: <https://riserealbali.com/guides/bali-property-insurance/>

IN SHORT

Bali villa insurance starts with a fire policy covering fire, lightning, explosion, aircraft impact and smoke. Earthquake, eruption, tsunami and flood are paid extensions. On a Rp 2 billion rebuild cost in Badung, the regulated rates put fire, flood and earthquake cover at roughly Rp 4.2–4.5 million a year (our estimate).

1.35%

yearly earthquake rate on the sum insured in Badung, Gianyar and Denpasar (zone 4)

1.04%

the same cover in Tabanan and the five other zone 3 regencies

**0.294–
0.328%**

base fire rate for a dwelling, construction class 1 (OJK)

Rp 4.2–4.5 mn

our estimate: fire, flood and quake on a Rp 2 bn rebuild in Badung

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Do you have to insure a villa in Bali?

No. Indonesian law doesn't force a foreign owner to insure a villa, and nobody checks at purchase. The duty comes from contracts: a mortgage lender, a building's rules or a lease can each demand a policy. Foreign buyers rarely carry a bank loan (see mortgages for foreigners), so the practical question is what your lease or management agreement says.

One rule does bind you. Law 40/2014 sends cover for assets in Indonesia to local insurers, unless none of them can write the risk. A policy from an overseas carrier is hard to enforce here, and lenders won't take it. Ask for the insurer's OJK license number before you pay, since the financial regulator publishes a register of licensed firms.

Source: Expatica, home insurance in Indonesia, August 12, 2026; Law 40/2014 on Insurance, as summarized by Mondaq, 2014; Global Investments, Bali property insurance guide, 2026

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What does a basic fire policy cover in Indonesia?

Five perils: fire, lightning, explosion, aircraft impact and smoke. That is the standard fire wording, known as PSKI, and almost every property policy sold here is built on it. Burst pipes, floods, quakes and theft sit outside it.

Everything else arrives as an extension with its own price. Two matter in Bali. One is flood and windstorm. The other is the bundle insurers call EQVET, for earthquake, volcanic eruption and tsunami, which Maybank and Tokio Marine both sell as one package. Tokio Marine's wording adds fire and explosion that follow a quake. One broker guide says many standard plans leave eruption out, so read the wording, not the brochure.

Regulated rates by layer, per mille of the sum insured per year

LAYER	WHAT IT ADDS	ANNUAL RATE
Fire (PSKI)	Fire, lightning, explosion, aircraft impact, smoke	0.294–0.328‰
Flood and windstorm	Storm and flood damage	0.45–0.55‰
Earthquake, eruption, tsunami, zone 3	Tabanan, Buleleng, Karangasem, Klungkung, Bangli, Jembrana	1.04‰
Earthquake, eruption, tsunami, zone 4	Badung, Gianyar, Denpasar	1.35‰

Source: OJK Circular 6/SEOJK.05/2017, Appendix I (dwelling fire rate) and Appendix III (zones and quake rates); Chubb Indonesia fire policy summary (flood range); Maybank and Tokio Marine earthquake product pages, 2026

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How much does villa insurance cost in Bali?

Plan on about 0.2% of the rebuild cost a year for fire, flood and earthquake together. On a Rp 2 billion villa in Badung that is Rp 4.2–4.5 million (our estimate, using the OJK dwelling rates above). Put the same villa in Tabanan and the quake line falls from Rp 2.7 million to Rp 2.08 million.

Insure the building, not the plot. The sum insured is what a rebuild would cost, so start from build cost. Our guide to what a villa costs to build puts Indonesian contractors at Rp 5.5–15 million per m² in 2026. A 200 m² villa lands between Rp 1.1 and 3 billion. Insure the purchase price instead and you pay premium on land that no fire can burn.

Broker guides quote 0.1–0.3% of insured value all-in, which brackets that figure. Insurers add policy and stamp fees, so ask for the total, not just the rate. The tariffs date from April 2017. Industry bodies asked for a review in 2025, and in March 2026 the regulator said it was still evaluating, with public consultation to come. Confirm which rate card applies at renewal.

Worked example: Rp 2 bn rebuild cost, Badung (zone 4)

LAYER	RATE	YEARLY PREMIUM
Fire	0.294–0.328‰	Rp 0.59–0.66 mn
Flood and windstorm	0.45–0.55‰	Rp 0.90–1.10 mn
Earthquake, eruption, tsunami	1.35‰	Rp 2.70 mn
Total		Rp 4.2–4.5 mn

Source: OJK Circular 6/SEOJK.05/2017; Chubb Indonesia rate sheet; Bali Villa Realty, rental property insurance, updated February 26, 2026; Bisnis, January 17, 2025; Kontan, March 21, 2026; Rise Real Bali calculation

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Why earthquake cover is the line to keep

It is the biggest line in the bill and the one owners drop first. Bali logged 547 earthquakes in 2025, and people felt ten of them. Those numbers sound calm. The danger sits in how a house is built.

A magnitude 4.8 earthquake near Karangasem on October 16, 2021 killed three people (BMKG; BNPB). At that size, the toll shows how much build quality matters. Ask any builder which seismic standard the villa follows. The current national one is SNI 1726:2019, and an engineer's calculation against it belongs in the same file as the building approval.

Flood comes second. Floods in September 2025 killed 18 people on the island, with Denpasar hit hardest, and the flood extension costs roughly a third of the quake line. Skipping either to save Rp 1 million a year is false economy.

Source: BBMKG Wilayah III Denpasar via Metro TV and ANTARA, January 2026; BMKG analysis and BNPB report on the Karangasem earthquake, October 16, 2021; BNPB via Antara, September 2025; SNI 1726:2019

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What does a rental villa need on top?

A villa you rent out needs three layers a home doesn't: liability, loss of rental income and contents. Liability pays when a guest is hurt at the pool or on the stairs. Income cover pays while damage keeps the villa empty. Contents cover replaces the furniture package the villa was sold with.

Price the income layer against your own numbers. One broker guide puts it at 0.5–1.5% of insured rental revenue a year, and one insurer package pays Rp 500,000 a day for up to 90 days while a villa is unlivable. Compare both with a realistic month using our guides on occupancy and running costs. Landlords also need clear vacancy terms, so ask what counts as empty.

If an operator runs the villa, check who insures the contents and who carries the deductible. The management agreement guide lists what the contract should say, and the rental license guide covers the NIB.

Source: Global Investments, Bali property insurance guide, 2026; Bali Villa Realty, rental property insurance, 2026; Expatica, August 12, 2026

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How does a claim work?

Tell the insurer or broker the day damage appears, then send written details. Standard Indonesian fire wordings ask for them within seven calendar days, though each insurer sets its own deadline. Photograph everything before anyone repairs or clears anything. An adjuster inspects, values the loss against the sum insured and the deductible, and the insurer confirms or declines.

Keep the building file where you can reach it: plans, the building approval (PBG), the certificate of occupancy (SLF), contractor invoices and the furniture list. Together they show what stood there, that it was allowed to, and what a rebuild costs. Claims run in Bahasa Indonesia, so an English-speaking broker saves weeks. Our PBG and SLF guide explains both papers.

Source: Expatica, August 12, 2026; Global Investments, 2026

Six checks before you sign the policy

Read the wording on six points before you sign. Start with the sum insured, which should be a rebuild figure. Then see whether the policy names its perils or covers all risks, what the deductible is per event, and whether the earthquake bundle includes eruption and tsunami. Look for clauses on thatched roofs and empty villas, because some insurers decline thatch outright and a traditional along-along roof can narrow your choice. Last, confirm the insurer's OJK license.

Health cover is a separate market, covered in healthcare and insurance in Bali. For the rest of what a villa costs to hold, start from our property listings, where each card shows the build stage and tenure you'll be insuring against.

Source: Global Investments, 2026; OJK; Rise Real Bali

What this means for buyers

- 01 Insurance isn't compulsory, but lenders, leases and managers often demand it, and cover must come from an OJK-licensed local insurer.
- 02 Insure the rebuild cost, not the purchase price: land doesn't burn, and the premium follows the sum insured.
- 03 Add earthquake, eruption, tsunami and flood to the fire policy. On a Rp 2 bn rebuild in Badung, all three cost about Rp 4.2–4.5 million a year.
- 04 Rental owners also need liability, loss-of-income and contents cover, plus a clear definition of an empty villa.

FAQ

Is villa insurance mandatory in Bali?

No law requires it. A mortgage lender, a lease or building rules can make it mandatory, so check those contracts first. If you do insure, Law 40/2014 sends Indonesian assets to local insurers unless none can write the risk, and an overseas policy is hard to enforce here. Confirm your insurer holds an OJK license.

How much does villa insurance cost in Bali?

Expect roughly 0.1–0.3% of the rebuild cost a year for fire plus earthquake and flood. Using OJK's regulated rates, a Rp 2 billion rebuild in Badung costs about Rp 4.2–4.5 million (our estimate). Insurers add policy fees, so ask for the total premium, and price liability and rental-income cover separately.

Does Bali home insurance cover earthquakes?

Not in the base policy. Earthquake arrives as an extension, usually bundled with volcanic eruption and tsunami. OJK sets the rate by zone: 1.35‰ of the sum insured for Badung, Gianyar and Denpasar, and 1.04‰ for the other six regencies. Read the wording for deductibles and exclusions.

Can I insure my Bali villa with an overseas insurer?

Practically, no. Law 40/2014 requires cover for Indonesian assets to go through local insurers unless none can underwrite the risk, and foreign policies are hard to enforce in Indonesian courts. Lenders reject them too. Use an OJK-licensed insurer, ideally through an English-speaking broker who can handle claims in Bahasa Indonesia.

What insurance does a rental villa need?

Beyond building cover: public liability for guest injuries, loss-of-income cover while the villa is unlivable, and contents cover for the furniture package. Check how the policy defines a vacant villa, and agree with your manager who pays the deductible. One broker guide prices income cover at 0.5–1.5% of insured revenue.

How we know this

Rates come from OJK Circular 6/SEOJK.05/2017 (fire rate for dwellings in Appendix I, zone assignments and earthquake rates in Appendix III), checked against Maybank's earthquake rate table and Tokio Marine's 2026 product brochure. The flood range comes from one insurer's rate sheet, so treat it as indicative. Premium examples are our own arithmetic on those rates, before policy fees, and apply to a dwelling, not a commercial operation. Broker guides supply the all-in range, income-cover pricing and thatch exclusions, and each reflects that broker's market. The OJK was still reviewing the tariffs in March 2026, so a new rate card could change every figure here. This isn't insurance advice. Get a written quote from a licensed insurer.

- OJK Circular 6/SEOJK.05/2017 on premium tariffs for property insurance, appendices I and III (effective April 1, 2017)
- Law 40/2014 on Insurance, local-insurer rule, as summarized by Mondaq
- Maybank and Tokio Marine, earthquake insurance product information, 2026
- Expatica, home insurance in Indonesia, August 12, 2026
- Global Investments and Bali Villa Realty, Bali property insurance guides, 2026
- BBMKG Denpasar earthquake statistics via Metro TV, January 2026; BMKG analysis and BNPB report on the Karangasem earthquake, October 16, 2021

Rise Real Bali is a real estate agency in Bali. We write from the deals we handle and from public data, and we name our sources.

By Dmitrii Rogov, Rise Real Bali.

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