

Indonesia in focus

What's new in Non-Life



AUGUST 2022 EDITION

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We are pleased to share our half-yearly newsletter focused on the Non-Life Insurance market in Indonesia. This edition covers developments during the period from 1 January 2022 to 30 June 2022.

We trust you find this edition informative. As always, we look forward to receiving your feedback, questions or comments.



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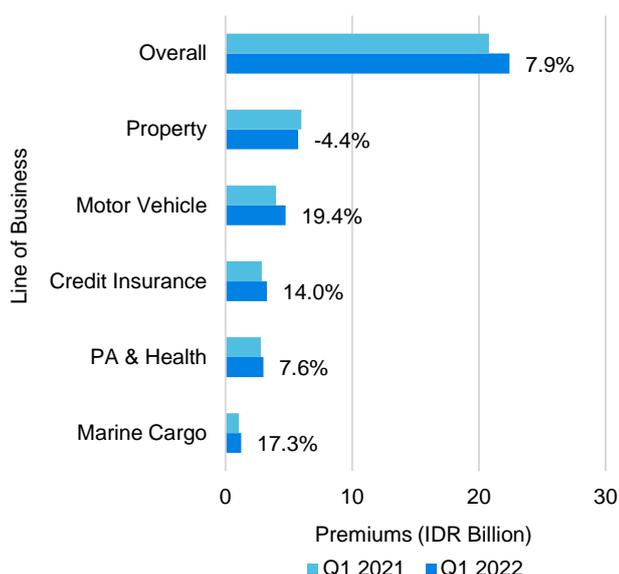


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Market performance

CONVENTIONAL INDUSTRY GROWTH AT Q1 2022

Premium (IDR billions) and Percentage Growth (%)



Note: PA - Personal Accident. Data is limited to Q1 2022.
Source: General Insurance Association of Indonesia (AAUI).

- The first quarter of 2022 has seen an increase of c. 7.9% in premiums when compared against the same period in 2021. This was driven by an increase in the main lines of business apart from Property, which saw a decrease in premiums.
- The growth in Motor Vehicle premiums was mainly driven by an increase in motor vehicle sales in conjunction with the Eid celebrations in Q2 as travel restrictions were relaxed and the economy reopened.
- PA & Health had also registered a relatively modest growth in premiums between Q1 2021 and Q1 2022.
- Growth under Credit insurance can be attributed to the improving economic condition as demand for business loans have increased. Indonesia's central bank expects the loan growth to be in the region of 7% to 9% in 2022.
- Based on the year-over-year (Y-O-Y) conventional general insurance performance table, the industry appears to be recovering from the effects of the pandemic as gross written premium recorded a strong year-over-year growth of 18.7% by the end of June 2022.
- The net combined ratio deteriorated by 3.8% from H1 2021 to H1 2022, driven by an increasing net commission and loss ratios.

Y-O-Y CONVENTIONAL GENERAL INSURANCE PERFORMANCE

FINANCIALS (IN IDR BILLION)	JUNE 2021	JUNE 2022	% CHANGE
GROSS WRITTEN PREMIUM	38,541	45,754	18.7%
NET EARNED PREMIUM	19,136	21,815	14.0%
OTHER UNDERWRITING INCOME	38	29	-22.5%
INVESTMENT INCOME	1,911	2,063	7.9%
TOTAL INCOME	21,084	23,906	13.4%
NET LOSS INCURRED	9,096	10,766	18.4%
OTHER UNDERWRITING EXPENSE	378	-87	-123.0%
OPERATIONAL EXPENSE	6,149	6,858	11.5%
NET COMMISSION	1,832	2,670	45.7%
TOTAL EXPENSE	17,455	20,208	15.8%
UNDERWRITING PROFIT	3,629	3,699	1.9%

RATIO (%)	JUNE 2021	JUNE 2022	DIFFERENCE
NET LOSS RATIO	47.5%	49.4%	1.8%
EXPENSE RATIO (INCLUDING COMMISSION)	41.7%	43.7%	2.0%
EXPENSE RATIO	32.1%	31.4%	-0.7%
NET COMMISSION RATIO	9.6%	12.2%	2.7%
NET COMBINED RATIO	89.2%	93.0%	3.8%

Note: Data is limited to June 2022.
Source: Financial Services Authority (OJK).

Market news

NEW PRODUCTS

- **PT Asuransi Tugu Pratama Indonesia Tbk (Tugu)** launched "t-down payment," a total loss-only insurance for motor vehicles on a loan. The product compensates customers in the event of a total loss of a vehicle beyond the value of the insured vehicle. This allows the policyholders to use the additional benefit as a down payment if they were to apply for a vehicle loan again.
- Insurance technology platform **PT Kita Indonesia Plus** collaborated with **PT Pos Keuangan Indonesia** to offer motor vehicle insurance for a one-month term, in conjunction with Eid celebrations and the accompanying long-distance travels.

- **PT PasarPolis Insurance Broker (PPIB)**, as an affiliate of **PT PasarPolis Indonesia**, has partnered with **IKEA Indonesia** to provide insurance for furniture, with **PT Asuransi Astra Buana** serving as the underwriter. Purchases of furniture products at **IKEA** will now be immediately insured for periods of one or two years, for the categories of chairs, tables, sofas, cabinets and mattresses. Claims can be made either in-person at **IKEA Indonesia's I-Counter and Service Desk** or through an online portal.
- **PPIB** has also partnered with **Shopee Indonesia**, a digital marketplace, to launch an Inpatient Insurance product. This product offers coverage of hospitalisation costs and operating costs up to **IDR 17,000,000**. The product can be purchased via the **Shopee** platform.
- **PT BRI Asuransi Indonesia** launched a motor vehicle insurance product, **Motorku Micro Insurance**. This product is targeted at motorcyclists, with a low premium of **IDR 50,000** per year. The benefit includes total loss cover for the vehicle, personal accident and third-party liability.
- **Aigis**, a business-to-business insurtech company, announced a group health insurance product for business underwritten by **PT Lippo General Insurance** and **PT Asuransi Ciputra Indonesia**, with a monthly premium starting from **IDR 93,000** to **IDR 378,000**, which can be cancelled at any time. For the most expensive plan, the benefit includes inpatient, dental coverages, unlimited access to medical professionals and a mental wellness program.
- **PT Indosat Tbk**, via the brand **Tri**, has partnered with **PPIB** to launch a motor insurance that can be purchased from its app, "bima+." The premium for the total loss only motor insurance is **IDR 50,000** for 12 months of coverage and is exclusive to **Tri's** cellular service customers.
- **PT Asuransi Sinar Mas** announced that the company has applied for the permit to sell two investment-linked products. One will be a short-term product and the other with a term of at least five years.
- **PT Asuransi Kredit Indonesia (Askrindo)** launched its mobile application, **DigiAsk 4.0**, on its 51st anniversary. This initiative aims to improve services provided to policyholders and penetrate the retail segment through digital applications.
- **PT Asuransi Umum Mega** partnered with **PT Bank Mestika Dharma Tbk** to market its products, namely heavy equipment, fire and property all-risk insurance.
- **PT Asuransi MSIG Indonesia** launched the **MSIG Mobile** application, a one-stop insurance solution platform. The features available at launch include product purchases, claim submissions and e-quotation, which enables users to monitor all the policies they own, including receiving notifications on renewing an expiring policy and obtaining verification on any policy extensions.
- **Tugu** partnered with **PT Fokus Solusi Proteksi (Cermati Protect)** to market its motor vehicle insurance products via the online marketplace **Cermati.com**. Currently there are two types of motor vehicle insurance available via the marketplace, **TUGU Comprehensive** and **TUGU TLO**.
- **Tugu** partnered with **PT Telekomunikasi Selular (Telkomsel)**, the largest telecommunication company in Indonesia, to market "t travella," a travel insurance product, to **Telkomsel's** international roaming services users. Eligible **Telkomsel** users are offered discounts on "t travella" products from **Tugu** with a limit of up to **IDR 500,000,000**. The product has several benefits such as medical expense, trip cancellation, personal accident and liability coverages.
- **PT Jaminan Pembiayaan Askrindo Syariah**, a subsidiary of **Askrindo**, launched the **Maasya** mobile application, in March 2022. The application can serve the issuance of surety bonds and custom bonds from anywhere, which prioritises a fast and easy process across various regions in Indonesia.
- **PT Visionet Internasional (OVO)**, an e-wallet company, launched a digital market for car insurance, providing comprehensive coverage for cars of ages up to 15 years. Customers have options to purchase car insurance from **Sompo**, **PT Asuransi Total Bersama**, **PT Asuransi Multi Artha Guna Tbk.**, **PT Asuransi Rama Satria Wibawa** and **Asuransi Zurich**.
- **PT Mandiri AXA General Insurance** partnered with **PT Bank Neo Commerce Tbk (BNC)** to sell its health products via the bank's branch office and soon its digital channel. As a start, **BNC** customers can purchase an inpatient cash benefit insurance.

DISTRIBUTION CHANNEL

- **PT Zurich Asuransi Indonesia (Zurich)** and **ZA Tech Global Limited**, a technology company supported by **Softbank**, have collaborated with the insurance broker **PT Web Proteksi Solusindo** to provide innovative, affordable and easily accessible insurance products through the **Grab** mobile application. **Grab** is one of **ZA Tech's** ecosystem partners in Southeast Asia.
- **PT Sompo Insurance Indonesia (Sompo)** partnered with insurtech startup **PT Roojai Insurance Agent** to market retail insurance products that are suitable for online sales. Products available at launch include hospital cash insurance and personal accident insurance.

OTHER INSURERS' INITIATIVES

- **PT Asuransi Cakrawala Proteksi Indonesia** launched a new feature, "ACP Health Telemed Grab Health by Good Doctor," in its application, ACP. This feature provides online medical consultation services to health insurance participants who have outpatient benefits. The doctor's fee, cost of drugs and delivery charges will utilise the outpatient benefit limit on a noncash basis.
- **Askrindo** sponsored a festival, called Jakarta International BNI Java Jazz Festival 2022, providing free personal accident insurance, covering artists, crews and the audience with total sum insured of IDR 1.5 trillion.
- **Cakrawala Proteksi** partnered with Kredivo, an online loan provider, to allow its customers to pay premiums on installment without having a credit card on its ACPI Online Payment service.
- Indonesia insurtech startup **PT Anchor Technology Digital (Qoala)** announced that it has successfully raised USD 65 million in a Series B funding round led by European investment firm Eurazeo. Qoala aims to utilise the new funds by adding over 250 employees this year, with a focus on building an engineering and product management hub in Gurugram, India.

MERGERS AND ACQUISITIONS (M&A)

- Hanwha Life Insurance Co Ltd, via its subsidiaries, **PT Hanwha Life Insurance Indonesia** and Hanwha General Insurance (based in South Korea), is set to acquire a controlling stake in **PT Lippo General Insurance** with 57.7% of the shares. The shares are to be acquired from current shareholders, **PT Inti Anugerah Pratama** and **PT Star Pacific Tbk**.
- Mapfre (Spanish insurance multinational) has decided to exit the Indonesian market, selling its controlling interests in two local units. It is selling a 62.3% stake in publicly listed **PT Asuransi Bina Dana Arta** and a 51.0% stake in joint venture **PT Mapfre Abda Assistance** to Singapore-based Aseana Insurance Pte. Ltd.

KEY APPOINTMENTS

- **PasarPolis** appointed Rajesh Kumar as its new Chief of Technology Officer.
- **Askrindo Syariah** appointed Aviantono Yudihariadias as its new Director of Marketing.
- Ministry of State Owned Enterprises, shareholder of **PT Reasuransi Indonesia Utama**, appointed Beatrix Santi Anugrah and Delil Khairat as Director of Development and IT and Director of Technical Operation, respectively. The Ministry also appointed Reza Yamora as a new independent commissioner for the company.
- **Tugu Insurance** appointed Tatang Nurhidayat as its President Director. Tatang Nurhidayat is also chairman of the Insurance Council of Indonesia and chairman of the Indonesia Sharia Insurance Association.
- **PT Bahana Pembinaan Usaha Indonesia**, as shareholder of **PT Asuransi Jasa Indonesia**, appointed Indah Anggoro Putri as a commissioner. Indah Anggoro Putri is also the Director-General of Industrial Relations Development and Workers' Social Security, under the Minister of Manpower.
- **PT Sunday Ins Indonesia**, an insurtech company, appointed Vinia Lestianti Erwin as its new Chief of Business Development and Partnership.

REGULATORY UPDATES

- **Otoritas Jasa Keuangan (OJK)** published a new regulation on investment-linked products, Produk Asuransi Yang Dikaitkan dengan Investasi (PAYDI), on 14 March 2022. The regulation prescribes that:
 1. An insurer must have capable human resources, such as an actuary and an investment manager.
 2. Equity of an insurer should exceed IDR 250 billion (for a conventional insurer) or IDR 150 billion (for a sharia insurer).
 3. The product term must be at least five years, covering at least death by personal accident with a specific investment strategy.



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