

# Indonesia in focus

## What's new in Non-Life



### MARCH 2022 EDITION

#### TABLE OF CONTENTS

<b>Market Performance</b>	2
<b>Market News</b>	2
New Products	2
COVID-19	3
Distribution Channel	3
Other Insurer's Initiative	3
Miscellaneous	3
Key Appointments	4
Regulatory Updates	4
<b>General Syariah Insurance</b>	4
Business Mix	4
Industry Performance	4
Top Market Players	5
Market Movements	5

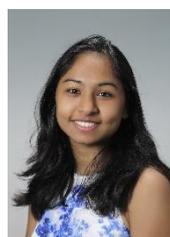
We are pleased to launch our first newsletter focused on the Non-Life Insurance market in Indonesia. This edition covers developments during the period from 1 July 2021 to 31 December 2021.

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



Pang Chye

*Principal and Consulting Actuary*



Renuka Subramaniam

*Actuarial Associate*



Tharan Ganesan

*Actuarial Analyst*

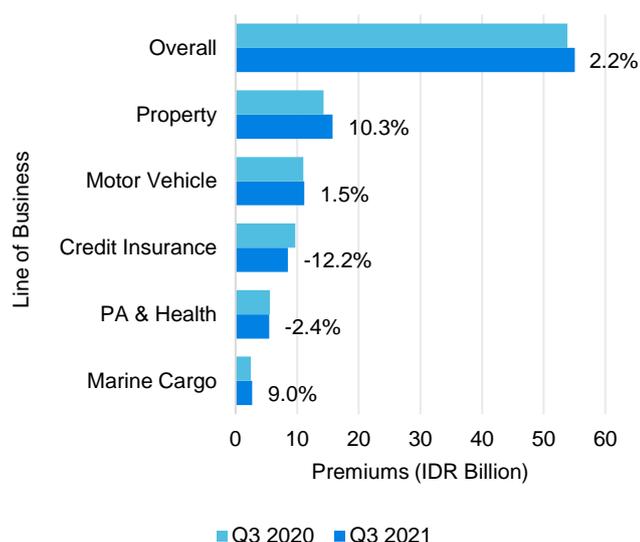


Hanif Saiful

*Actuarial Analyst*

## Market performance

### CONVENTIONAL INDUSTRY GROWTH AT Q3 2021 Premium (IDR Billion) and Percentage Growth (%)



Note: PA - Personal Accident; data is limited to Q3 2021.

Source: General Insurance Association of Indonesia (AAUI).

- The first three quarters of 2021 have seen an increase of c. 2.2% in premiums when compared against the same period in 2020. Property grew strongly while other lines of business have observed either modest growth or receding premiums.
- Property premiums are mainly derived from commercial properties. Hence, despite a 15% year-on-year reduction in residential property sales, Property premiums have increased due to a 0.13% year-on-year increment in the commercial property demand.
- The increase in Motor Vehicle premiums has been driven by a recovery in automobile sales in Indonesia.
- Reduction in Credit premiums can be attributed to stricter underwriting guidelines adopted by insurance companies following the poor underwriting performance of this line in 2020.
- The overall recovery momentum appears to have continued. By the end of November 2021, the year-to-date growth in gross written premiums increased to 7.7% over the same period in 2020.
- The net combined ratio in 2021 also improved by c. three percentage points, owing to a more favorable loss ratio.

### CONVENTIONAL INDUSTRY PERFORMANCE AT NOVEMBER 2021

FINANCIALS (IN IDR BILLION)	NOV 2020	NOV 2021	% CHANGE
GROSS WRITTEN PREMIUM	64,405	69,386	7.7%
NET EARNED PREMIUM	35,943	37,806	5.2%
OTHER UNDERWRITING INCOME	108	67	-37.7%
INVESTMENT INCOME	3,736	3,696	-1.1%
TOTAL INCOME	39,787	41,569	4.5%
NET LOSS INCURRED	19,166	18,412	-3.9%
OTHER UNDERWRITING EXPENSE	809	655	-19.0%
OPERATIONAL EXPENSE	11,174	11,743	5.1%
NET COMMISSION	3,289	4,019	22.2%
TOTAL EXPENSE	34,438	34,829	1.1%
UNDERWRITING PROFIT	5,349	6,740	26.0%

RATIO (%)	NOV 2020	NOV 2021	DIFFERENCE
NET LOSS RATIO	53.3%	48.7%	-4.6%
EXPENSE RATIO (INCLUDING COMMISSION)	40.2%	41.7%	1.5%
EXPENSE RATIO	31.1%	31.1%	0.0%
NET COMMISSION RATIO	9.2%	10.6%	1.5%
NET COMBINED RATIO	93.6%	90.4%	-3.2%

Note: Data is limited to November 2021.

Source: Financial Services Authority (OJK).

## Market news

### NEW PRODUCTS

- **PT Asuransi MSIG Indonesia** launched MSIG FlexPro U-Drive, the first to bundle Motor Vehicle insurance with telematics services, providing features such as monitoring fleet usage, monitoring driver behaviour, controlling vehicle usage (fuel and maintenance) and securing assets through live tracking, as well as a 3D claim reconstruction.
- **PT Anchor Technology Digital (Qoala)**, an insurtech company, launched a smartphone insurance product. Full protection starts with a premium of IDR 149,000 a year and the screen protection-only option starts from a premium of IDR 99,000 a year. For the screen protection-only option, it has been claimed that the policy can be activated within a minute and the claim process can be done quickly with the help of its artificial intelligence (AI) technology—which is capable of identifying the smartphone and whether the smartphone's screen is shattered.

- **PT Visionet Internasional (OVO)**, a digital payment company, launched a Motor Vehicle insurance product, OVO Proteksi, through its platform, offering premium payment on a monthly basis. The product is issued by **PT Asuransi Sinarmas Insurtech** and is supported by **PT Futuready Insurance Broker**. The premium payment and claim process can be done through OVO's mobile application.
- **PT Asuransi Astra Buana (Asuransi Astra)** has partnered with **PT Media Dokter Investama (Halodoc)**, a health-tech company, to launch its outpatient health insurance product, Garda Healthtech, in September 2021. The product can be purchased via the Halodoc mobile app. The product provides benefits such as online and in-person consultation, medication and others with the premium starting from IDR 500,000 a year.
- **PT Aigra Insurance Brokers and Electric Bus Insurance Consortium** have partnered to launch an insurance product to cover **PT Mobil Anak Bangsa's** electric bus fleet. The consortium consists of **PT Asuransi Binagriya Upakara, PT Asuransi Sahabat Artha Proteksi, PT Asuransi Maximus Graha Persada Tbk Unit Syariah, PT Asuransi Takaful Umum and PT MNC Asuransi Indonesia**.
- **PT Asuransi Tugu Pratama Indonesia** has partnered with **PT Hyundai Motors Indonesia** to provide an electric car insurance product for Hyundai customers. Customers are provided with a "New for Old" replacement cover for a year together with an additional protection for the cars' charger covers.
- **PT Asuransi Umum Mega (Mega Insurance)** has 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 which can be purchased via the marketplace, Asuransi Mega All-Risk and Asuransi Mega Total Loss Only, both covering losses of greater than 75% of the sum insured.
- **PT Asuransi Jasa Indonesia (Jasindo)** launched its mobile application, Easy, in August 2021. Through this application, customers can now purchase several insurance products such as Travel insurance and microinsurance without having to visit the insurer's local branches.
- **PT Asuransi Simas Insurtech and FUSE** have entered a strategic partnership with **PT Tokopedia** to provide Non-Life insurance products through the Tokopedia mobile app.

#### OTHER INSURER INITIATIVES

- **PT Asuransi Tokio Marine (TMI) Indonesia** has partnered with WIZ.AI, an Association of Southeast Asian Nations (ASEAN) voice AI leader, to launch its conversational voice AI Talkbot. The talkbot is able to speak several different ASEAN languages. It works closely with TMI's human agent and only calls which have been identified to require more of a human touch will be channeled to a human agent.
- **PT Asuransi Jasa Indonesia (Jasindo)** has been appointed once again by **PT Telkom Satelit Indonesia (Telkomsat)**, a subsidiary of a state-owned enterprise, to insure its satellites, Telkom T3-S and Telkom Merah Putih, for the 2021-2022 period.
- The Ministry of State-Owned Enterprise (SOE) has officially launched the Merah Putih coinsurance with the initial strategic action of launching Cargo insurance products. The coinsurance has been set between SOE-related insurers and reinsurers to consolidate their joint capacities in writing similar business as a means to collectively gain a better market share. The coinsurance collaboration consists of several SOE-related insurers, namely **PT Asuransi Jasa Indonesia, PT Asuransi Kredit Indonesia, PT Jasa Raharja Putera, and PT Asuransi Asei**. The coinsurance is also supported by SOE-related reinsurers **PT Reasuransi Indonesia Utama and PT Reasuransi Nasional Indonesia**.
- **PT Asuransi Kredit Indonesia (Askrindo)** has partnered with **PT Djelas Tandatangan Bersama (TekenAja!)**, a digital certificate provider company, to allow the application of digital signatures to its online policy issuance process. This is built on the introduction of Askrindo Connect in 2019 to further enhance Askrindo's digital services.

#### COVID-19

- **PT Asuransi Sinar Mas** launched SIMAS COVID-19 to provide special protection for treatment costs related to the coronavirus infection. SIMAS COVID-19 protection applies worldwide, reimbursing hospital costs as well as additional medical costs if the insured undergoes self-isolation.
- **PT Asuransi Kredit Indonesia (Askrindo)** has entered a business-to-business relationship with **PT Biofarma** to insure its COVID-19 vaccine. The insurance covers both the warehouse storage and the shipment of the vaccine. The total sum insured is more than IDR 1.7 trillion for the warehouse storage and around IDR 1.3 trillion for the shipment.

#### DISTRIBUTION CHANNEL

- **PT Asuransi Tugu Pratama Indonesia** has partnered with **PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk** to offer insurance products to the bank's customers. Products available at this stage include Fire insurance and will be gradually expanded to offer other products.
- **PT Asuransi Jasa Indonesia (Jasindo)** has partnered with **PT Lifepal Technologies (Lifepal)**, one of the largest digital marketplaces for insurance products in Indonesia, to market its product, starting with passenger vehicles (*kendaraan 4 roda*) since August 2021.

**KEY APPOINTMENTS**

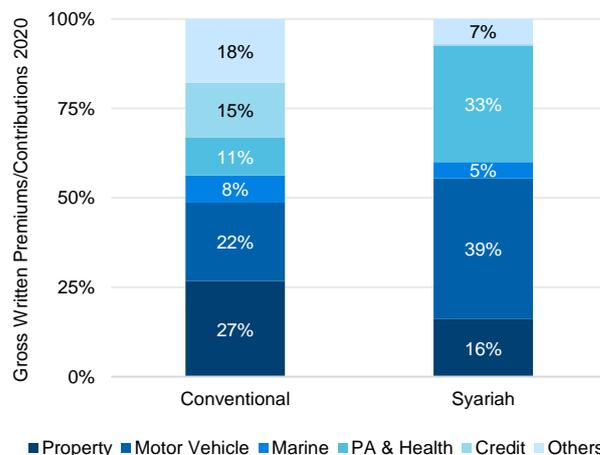
- **PT Asuransi Jasa Indonesia** appointed Andy Samuel as Direktur Utama, effective 10 September 2021.
- **PT Asuransi Jasa Indonesia** appointed Teguh Permana as Direktur Operasional, effective 10 September 2021.
- **PT Zurich General Takaful Indonesia (Zurich Syariah)** appointed Hilman Simanjuntak as Direktur Utama, effective the second half of 2021.
- **PT Reasuransi Nasional Indonesia** appointed Dody AS Dalimunthe as Direktur Utama, effective 11 October 2021.
- **Asosiasi Asuransi Umum Indonesia (AAUI)** appointed Bern Dwyanto as Direktur Eksekutif, effective 20 January 2022.

**REGULATORY UPDATES**

- **OJK** (Otoritas Jasa Keuangan) had released a list of insurance, guarantee and consortium companies which are permitted to market suretyship products in September 2021. The list was last updated in December 2020.
- **OJK** has extended the loan restructuring programme to March 2023 from the current deadline of March 2022. The extension will allow banks to classify COVID-19 deteriorated loans as performing loans to keep the ratio of non-performing loans low. This is expected to improve or prevent further deterioration in the loss experience of credit insurance sold in Indonesia.
- **OJK** has updated its COVID-19 countercyclical regulation for the non-bank financial industry, which includes the insurance industry, effective 31 December 2021. The regulation includes a more flexible alternative for the fit and proper test submissions and an extended reporting due date of five business days (for monthly, quarterly and semiannual reports), 10 business days (for four-months period reports), and one month (for annual reports).
- **OJK** is currently developing regulations regarding insurtech companies and it is said that they will include clauses on products and services which can be marketed through digital insurance brokerage means, clauses on IT standards and clauses on the qualification for employees who run the IT services within the companies.

**General Syariah insurance**

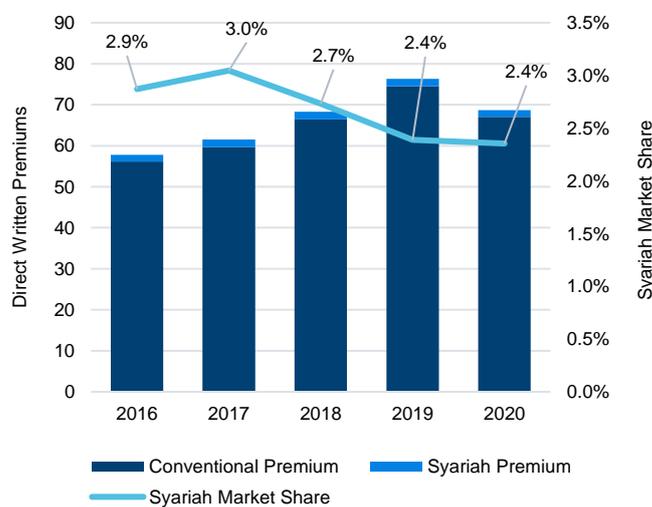
**BUSINESS MIX**



Note: Data is limited to 2020.  
Source: Financial Services Authority (OJK).

- The Syariah insurance market is heavily focused on the Motor (mostly retail) and PA & Health lines of business (group and individual), with each line exceeding one-third of total premiums. The PA & Health Syariah market is dominated by **PT Asuransi Askrida Syariah**.
- In comparison, the conventional insurance market is more balanced in its business mix between the main lines of business.

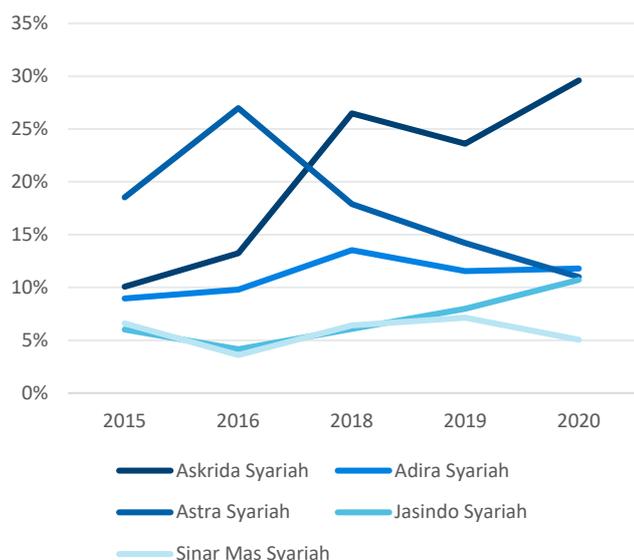
**INDUSTRY PERFORMANCE**



Note: Data is limited to 2020  
Source: Financial Services Authority (OJK).

- Syariah market share has dropped from its peak in 2017 due to conventional motor financing being allowed lower down payments than the Syariah counterpart, shifting the business to conventional Motor Vehicle insurance.
- It is noteworthy that between 2010 and 2019, the Syariah insurance market has had a compound annual growth rate (CAGR) of 16% as opposed to the conventional insurers' 12%.

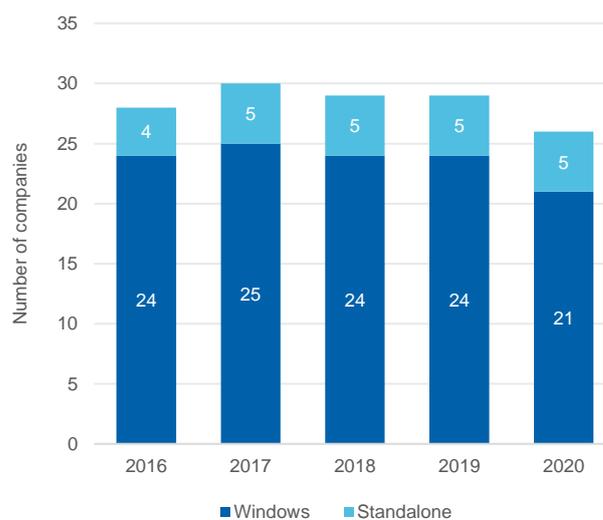
### TOP MARKET PLAYERS



Note: Data is limited to 2020  
Source: Financial Services Authority (OJK).

- The top five players control around 68% of the Syariah market, with **PT Asuransi Askrida Syariah** currently dominant due to its shareholding structure and relationships.

### MARKET MOVEMENTS



Note: Data is limited to 2020.  
Source: Financial Services Authority (OJK).

- The number of players in the general Syariah industry has been stable in the past few years. However, between 2019 and 2020, the industry has contracted with three Syariah windows exiting the market.
- The general insurance operating license for **PT Asuransi Parolamas** was revoked by **OJK** in 2020, with the Syariah unit's business being transferred to **PT Asuransi Jasindo Syariah**.
- In 2021, the sole addition to standalone Syariah companies is **PT Zurich General Takaful Indonesia (Zurich Syariah)**. The new standalone had assumed the business over from **PT Asuransi Adira Dinamika's** Syariah business unit following Zurich's acquisition of Adira Insurance in 2019.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

[milliman.com](http://milliman.com)

**CONTACT**  
 Pang Chye  
[pang.chye@milliman.com](mailto:pang.chye@milliman.com)  
 Renuka Subramaniam  
[renuka.subramaniam@milliman.com](mailto:renuka.subramaniam@milliman.com)

© 2022 Milliman, Inc. All Rights Reserved. The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.