

Indonesia in focus

What's new in Non-Life

MARCH 2023 EDITION

TABLE OF CONTENTS

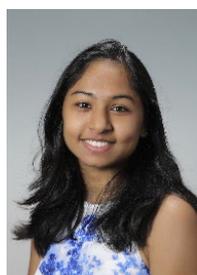
Market Performance	2
Market News	2
New Products	2
Distribution Channel	3
Insurtech	3
Other Insurer's Initiative	4
Merger And Acquisition (M&A)	4
Key Appointments	4
Regulatory Updates	5
General Syariah Insurance	5
Industry Performance	5
Market Movements	6

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 July 2022 to 31 December 2022.

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 Associate

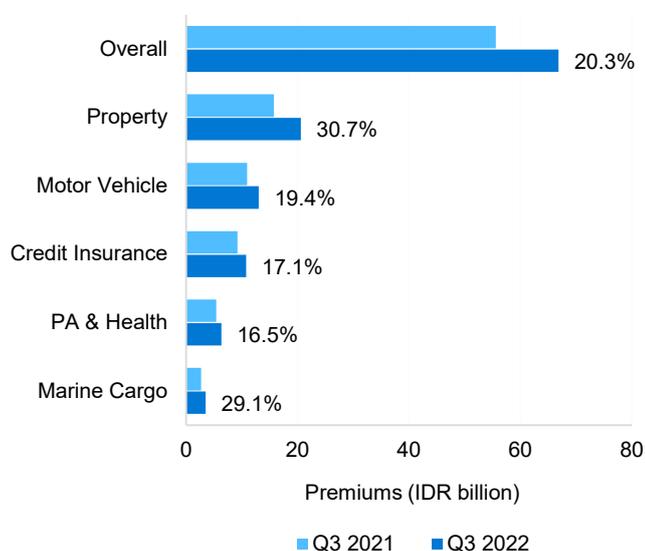


Hanif Saiful
Actuarial Analyst

Market performance

CONVENTIONAL INDUSTRY GROWTH AT Q3 2022

Premium (IDR billion) and Percentage Growth (%)



Notes: (1) PA - Personal Accident; (2) data is limited to Q3 2022; (3) Q3 2021 data was revised in 2022

Source: General Insurance Association of Indonesia (AAUI).

- The first three quarters of 2022 has seen an increase of c. 20.3% in premiums when compared against the same period in 2021. This was driven by a double-digit percentage growth in all the main lines of business.
- The growth in Property was driven by both residential and commercial property. The primary residential property market grew by 13.6% year-over-year (Y-O-Y).
- Motor Vehicle had also experienced a notable growth due to an increase in vehicle sales, specifically in the four-wheeled vehicle segment.
- Growth recorded under Credit Insurance can be attributed to an increase in bank lending, with total credit lending increasing by 9.8% Y-O-Y as at Q3.
- Based on the 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-to-year growth of 16.6% between 2021 and 2022.
- The net combined ratio deteriorated by 4.5% between the same period, driven by higher net commissions and loss ratios, consistent with observations made in our August 2022 edition newsletter.

Y-O-Y CONVENTIONAL GENERAL INSURANCE PERFORMANCE

FINANCIALS (IN IDR BILLION)	DEC 2021	DEC 2022	% CHANGE
GROSS WRITTEN PREMIUM	76,872	89,658	16.6%
NET EARNED PREMIUM	42,298	47,826	13.1%
OTHER UNDERWRITING INCOME	100	100	0.1%
INVESTMENT INCOME	4,034	4,678	15.9%
TOTAL INCOME	46,432	52,604	13.3%
NET LOSS INCURRED	20,691	25,276	22.2%
OTHER UNDERWRITING EXPENSE	778	-257	-133.1%
OPERATIONAL EXPENSE	13,142	14,537	10.6%
NET COMMISSION	4,461	5,635	26.3%
TOTAL EXPENSE	39,073	45,190	15.7%
UNDERWRITING PROFIT	7,359	7,414	0.7%

RATIO (%)	DEC 2021	DEC 2022	DIFFERENCE
NET LOSS RATIO	48.9%	52.8%	3.9%
EXPENSE RATIO (INCLUDING COMMISSION)	41.6%	42.2%	0.6%
EXPENSE RATIO	31.1%	30.4%	-0.7%
NET COMMISSION RATIO	10.5%	11.8%	1.2%
NET COMBINED RATIO	90.5%	95.0%	4.5%

Note: Data is limited to December 2022.

Source: Financial Services Authority (OJK).

Market news

NEW PRODUCTS

- Garda Medika, a group employee Health Insurance product by PT Asuransi Astra Buana (Astra) reached more than 800,000 participants as of November 2022. Astra is attributing the success to its synergy with the service providers listed under the product. Currently the product's provider network comprises more than 3,000 hospitals, clinics, pharmacies and dental clinics throughout Indonesia.
- PT Asuransi Umum BCA (BCA Insurance) launched Personal Cyber Insurance, aimed at protecting the public from financial losses and expenses caused by cybercrimes. Coverage includes protection against cyberattacks on online payment transactions, online shopping and online identity theft. The target market for the product is online banking customers, e-wallet users and online shopping platform users.

- PT Sampo Insurance Indonesia (Sampo Insurance) collaborated with PT Bank UOB Indonesia (UOB Indonesia) to launch SME Digital Insurance. Small and medium-sized enterprise (SME) owners can obtain the insurance coverage either online or in person. The product covers losses from risks such as fire, theft, terrorism, sabotage and third-party liability. Business owners will also be able to choose from different protection plans to suit their needs.
- PT Asuransi Bintang Tbk has become the first general insurance company in Indonesia to obtain a license to sell an investment-linked product (PAYDI). The product, "Flexi InveSTAR," will start with an annual premium of IDR 2 million and will have multiple insurance coverage options such as Vehicle, Property and Health. The product will also have a flexible premium payment structure, where payment could be made annually, semiannually, quarterly or monthly. The company currently has a sales force of 140 licensed agents to sell this product.
- PT Zurich General Takaful Indonesia (Zurich Syariah) launched a parametric (weather-based) insurance for coffee farmers, which is a result of research collaboration between a coffee expert, Zurich's insurance expert and Blue Marble APAC. Premiums will be charged based on the farmer's financial capacity with the benefit being up to 10 times the premium if a claim happens. As a start, Zurich Syariah has insured roughly 1,500 coffee farmers in Aceh, a region known for its coffee and which also applies the Syariah law.
- PT Chubb General Insurance Indonesia partnered with OYO Hotels Indonesia to provide Travel insurance coverage for all its guests throughout Indonesia. The Travel insurance will be provided at no additional cost, with coverage extending from check-in to checkout and would apply to all bookings placed through various platforms. Benefits will include coverage against death or permanent disability from accidents occurring within the lodging property area, medical costs due to the accidents, emergency medical evacuation and loss of property and personal baggage at OYO premises.

INSURTECH

- The Financial Services Authority (OJK) has granted a general insurance business license to PT Asuransi Untuk Semua (Tap Insurance), a digital insurance company, on 17 November 2022. With the license, TAP Insurance is aiming to improve on insurance penetration in Indonesia, especially on products which have not been accessible to all levels of society due to high premium levels and a complicated claim process.
 - PT PasarPolis Indonesia (PasarPolis) launched the "TAP Insure" digital application, which would serve as the company's newest distribution channel and would be the brand name for insurance products it offers. The digital application was created in collaboration with PT Zurich Asuransi Indonesia. TAP Insure aims to target end-customers by allowing access to insurance products directly through the application. Currently, it offers two insurance products, namely Travel Insurance (TAP Travel) and Personal Accident Insurance (TAP Personal Accident).
 - PT PasarPolis Indonesia (PasarPolis) raised a further USD 12 million in funding after previously raising USD 54 million in the Series B funding round. Existing investors include UK-based equity investor Leapfrog Investment, Indonesia-focused Intudo Ventures and GoTo-backed venture capital firm Go-Ventures. Other backers in the firm's Series B round include financial services firm SBI Investment and Alpha JWC Ventures as well as Chinese consumer electronics giant Xiaomi.
 - PT MNC Asuransi Indonesia (MNC Insurance) has collaborated with PT Espay Debit Indonesia Koe (DANA) to introduce a new gadget insurance, covering cracked screens on digital devices. PT Futuready Insurance Broker (Futuready) is the insurance broker for this collaboration.
- DISTRIBUTION CHANNEL**
- PT Asuransi Tugu Pratama Indonesia Tbk (TUGU) has signed a bancassurance arrangement with PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk (BJBR). Bank customers who take out motor vehicle loans will be covered by "T Ride" Motor Vehicle Insurance for two-wheeled vehicles and "T Drive" Motor Vehicle Insurance for four-wheeled vehicles.
 - Zurich has partnered with Bank Danamon to launch an insurance package for SMEs. This product covers business assets, liability, personal accident and health. This product will cover nine occupations, such as jobs in shophouses, workshops, restaurants and the manufacturing industry.
 - PT Asuransi Umum Mega (Mega Insurance) has partnered with the Association of Hajj and Umrah Organizers (HIMPUH) to market its Syariah Travel insurance product for pilgrims. The product will cover events such as travel delay or cancellations, damaged or lost baggage, sickness and death. Mega Insurance has also partnered with Association of Halal Travel of Indonesia (ATHIN) and Halal Trip Consortium (HTK) to market its Syariah Travel insurance product.

- Igloo, a regional insurtech company, has launched an artificial intelligence (AI)-powered platform, Ignite by Igloo, to enhance the productivity of insurance sales intermediaries, enabling a simpler and faster sales cycle. Ignite would offer a variety of insurance products on a single platform, allowing easy product comparison and supporting intermediaries in improving customer engagement. The introduction in Indonesia follows the success of Ignite in Vietnam. Currently the platform only offers Motor and Personal Accident products, with more types of insurance coverages being made available in the coming months.
- PT Vertika Technologies Nusantara (Rey Assurance), a Health, Life And Critical Illness insurtech company in Indonesia, recently announced USD 4.2 million in seed funding to advance its digital Health products and tech platform. In addition to announcing the funding from Trans-Pacific Technology Fund (TPTF), Genesia Ventures and PT Reycom Document Solusi (RDS), Rey Assurance is launching a new, disruptive suite of outpatient and inpatient products that has received approval from OJK.
- PT KSK Insurance Indonesia (KSK Indonesia) officially opened a representative office in Bali. KSK Indonesia hopes to expand its business outside Java and targets the Balinese people segment.
- PT BRI Insurance Indonesia (BRINS) had held a soft launching of its claim services center at Gatot Subroto in South Jakarta. With this, the company aims to widen the reach and improve on its claim services as well as drive the company's digital claim ecosystem.

MERGERS AND ACQUISITIONS (M&A)

OTHER INSURER INITIATIVES

- PT Sampo Insurance Indonesia (Sampo Insurance) has collaborated with Fox Logger, an internet of things (IoT)-based GPS tracker provider to offer solutions for vehicle owners to mitigate the risk of traffic accidents. Fox Logger's GPS tracker will be able to detect vehicle movements with controls that are easily accessible from anywhere at any time.
- Indonesian Syariah Insurance Association (AASI) has collaborated with the Islamic Insurance Association of London (IIAL) to grant Indonesian companies access to the London and global Islamic markets.
- AASI is offering assistance in terms of human resources and portfolio transfers for members who want to spin off their Syariah windows in the next two years. AASI will also provide assistance in developing Syariah insurance products and standard policies.
- Swiss Re Group has partnered with Indonesia Re, the administrator of the Badan Pengelola Pusat Data Asuransi Nasional (BPPDAN) to launch BPPDAN Analytics for its members. With this collaboration, a market dashboard will be developed for BPPDAN to offer its members premium and claim insights at market and company levels. This is expected to help members in terms of underwriting, pricing and portfolio management.
- PT Asuransi Multi Artha Guna Tbk (MAG) has partnered with Good Doctor to enhance its Health product, Magna Sehat, by adding telemedicine service to the product. Using Good Doctor's app will allow customers to consult with doctors online and have medicine delivered to their homes besides being able to use a cashless payment method.
- Aseana Insurance Pte. Ltd, a Singapore-based insurance company, has completed the takeover of 386.92 million shares of PT Asuransi Bina Dana Arta Tbk (ABDA) from MAPFRE Internacional SA. Prior to the completion of the share purchase, Aseana had owned 24.9% of all shares issued by the company. Post takeover, this has increased to 87.2%. The takeover is expected to not have a significant impact on ABDA's operations and business continuity.
- Tokio Marine Asia Pte. Ltd. (based in Singapore) has increased its shareholdings for PT Asuransi Tokio Marine Indonesia (TMI) from 60% to 80% by acquiring the 20% shares owned by its joint venture partner, PT Asuransi Jasa Indonesia, at the price of USD 33 million. The acquisition is in line with Tokio Marine Group's strategy of achieving sustainable growth and profit expansion as well as to enhance a diversified business portfolio through capturing growth opportunities in emerging countries.
- "bolttech," a Singapore-based international insurtech company, announced on 6 October 2022 the completion of the acquisition of a majority shareholding in PT Axle Asia (Axle Asia), an established insurance broker in Indonesia. Axle Asia will become a subsidiary of bolttech and subsequently rebranded. The addition of Axle Asia will accelerate the deployment of bolttech's insurance exchange capabilities and complement its existing presence as a leading device protection provider in Indonesia.
- PT Asuransi Mega Pratama has changed its name to PT Asuransi Umum Sealnsure after its acquisition by the Sea Group, the parent company of e-commerce giant Shopee. It is notable that Sea Group had previously acquired PT Asuransi Jiwa Advista in 2021, which was later changed to PT Asuransi Jiwa Sealnsure.
- PT Malacca Trust Wuwungan Insurance Tbk (MTWI) is seeking a rights issue of a maximum of 1.39 billion shares with each share being offered at a nominal value of IDR 100. MTWI has stated that the funds will be used as a working capital to increase the company's capacity to write risks.

KEY APPOINTMENTS

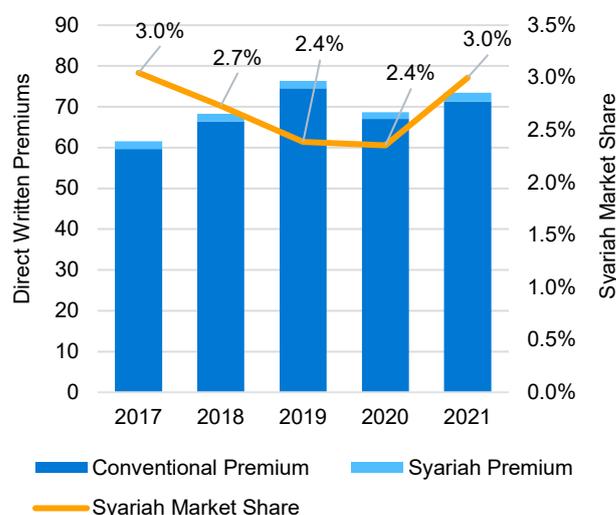
- PT Aon Indonesia (Aon Indonesia) appointed Mr. Karl Hamann as its new CEO.
- IFG, as shareholder of PT Asuransi Jasa Indonesia (Jasindo), has appointed Ocke Kurniandi as Jasindo's new Director of Operation.
- PT Asuransi Jasindo Syariah (Jasindo Syariah) has appointed At Yaltha as Jasindo Syariah's new President Director.
- PT Reasuransi Nasional Indonesia (NasRe) has reshuffled its directors, appointing Albert J. Rotinsulu as the President Director, Defit Rizal as the Technical Director, and Audi Artha Rita as the Director of Operation.

REGULATORY UPDATES

- OJK has lifted the Pembatasan Kegiatan Usaha (PKU) sanctions on the insurance brokerage company, PT Asia International Insurance Brokers, on 31 October 2022 as PT Asia International Insurance Brokers had implemented all recommendations from an inspection in accordance with Pasal 11 Ayat (1) dan Ayat (2) Peraturan Otoritas Jasa Keuangan (POJK).
- Indonesia Deposit Insurance Corporation (LPS) has been mandated to serve as an insurance policy guarantor as stated in the Development and Reinforcement of Financial Sector (P2SK) bill, which was recently ratified in Indonesia's House of Representative. LPS has five years to prepare and eventually establish an insurance policy guarantor (Lembaga Penjamin Polis, LPP), which would guarantee the rights of insurance customers when their servicing insurer loses its license and is liquidated.
- The OJK has announced an extension to the credit restructuring programme till the end of March 2024. The extension will be targeted to economic sectors which are yet to fully recover from the COVID-19 downturn, such as SMEs and dining providers. The extension was also approved in light of the global economic uncertainty expected in 2023. The programme was initially planned to end in March 2023.

General Syariah insurance

INDUSTRY PERFORMANCE

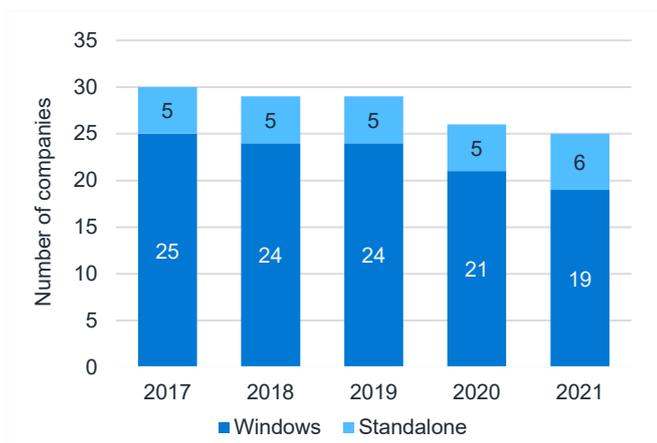


Note: Data is limited to 2021

Source: Financial Services Authority (OJK).

- The Syariah market share has increased in 2021, returning to its highest-ever level recorded in 2017.
- This was driven by growth in most major lines of business, notably in Property, PA & Health and Motor Vehicle.
- PA & Health has grown to be the dominant line of business in the Syariah market in 2021. PA & Health's market share had increased from 33% in 2020 to 37% in 2021 as Motor Vehicle has shrunk from 39% to 33% between 2020 and 2021. The increase in contributions for PA & Health comes almost exclusively from the market leader, Askrida Syariah.
- Despite achieving growth at a total level, more than half the players in the Motor Vehicle market experienced a drop in contributions from 2020 to 2021. Notably, the 2020 market leader, Astra Buana, experienced a drop close to 30%, causing the company to lose its market lead in 2021.

MARKET MOVEMENTS



Note: Data is limited to 2021
 Source: Financial Services Authority (OJK).

- The number of active companies in the Syariah market has continued to decrease in 2021, with a total of 25 companies operating in the year.
- Zurich General Takaful is the sole new Syariah standalone company in 2021, with Adira Dinamika’s Syariah window being one of the two windows which had ceased operations in 2021.
- PT Pan Pacific Insurance had also ceased its Syariah window’s operation in 2021 after the OJK had revoked its Syariah business license.
- The number of active companies in the Syariah market has remained stable in 2022.



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

CONTACT

Pang Chye
pang.chye@milliman.com

Renuka Subramaniam
renuka.subramaniam@milliman.com

© 2023 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.