

# Life in Indonesia

JANUARY 2024 EDITION

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We are pleased to present the January 2024 edition of Milliman's Indonesia Life Insurance Newsletter. This edition covers developments from 1 July 2023 to 30 September 2023.

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



Farzana Ismail  
*Principal and Consulting Actuary*



Junaidi Amin  
*Head of Life Insurance Consulting, Indonesia*



Joshua Winata  
*Consulting Actuary*



Richard Holloway  
*Managing Director, South East Asia & India, Life*

## Market performance

### INDUSTRY PERFORMANCE OVER Q2 2023

According to the Indonesian Insurance Statistics published by the Financial Services Authority (OJK), the Indonesian life insurance industry experienced a decrease in profit before tax and other comprehensive income (OCI) over Q2 2023 (relative to Q2 2022). The change over the period is summarised below:

| FINANCIALS (IN IDR TRILLIONS)       | Q2 2022       | Q2 2023       | CHANGE         |
|-------------------------------------|---------------|---------------|----------------|
| Net Premium Income                  | 80.69         | 71.61         | (9.08)         |
| Investment and Other Income         | 14.63         | 25.58         | 10.95          |
| <b>Total Income</b>                 | <b>95.32</b>  | <b>97.19</b>  | <b>1.87</b>    |
| Total Claims and Benefits           | 70.48         | 74.93         | 4.45           |
| Commission and Acquisition Costs    | 9.12          | 9.29          | 0.17           |
| Operating Expenses                  | 9.31          | 10.43         | 1.12           |
| <b>Total Expenses</b>               | <b>88.91</b>  | <b>94.65</b>  | <b>5.74</b>    |
| Profit/(Loss) Before Tax and OCI    | 6.41          | 2.55          | (3.86)         |
| Tax                                 | 0.82          | 0.72          | (0.10)         |
| <b>Net Profit/(Loss) Before OCI</b> | <b>5.59</b>   | <b>1.83</b>   | <b>(3.76)</b>  |
| Total Assets*                       | 599.49        | 587.18        | (12.31)        |
| Premium Reserve                     | 436.28        | 408.11        | (28.17)        |
| Unearned Premium Reserve            | 4.90          | 5.58          | 0.68           |
| Claim Reserve                       | 7.57          | 8.17          | 0.60           |
| Catastrophic Reserve                | 0.08          | 0.14          | 0.06           |
| <b>Total Technical Reserve</b>      | <b>448.83</b> | <b>422.00</b> | <b>(26.83)</b> |

Source: OJK's Indonesia Insurance Statistics: June 2022 and June 2023.

Note: OCI = other comprehensive income.

\* As at 30 June 2022 and 30 June 2023.

Over Q2 2023, the profit before tax and OCI decreased by IDR 3.86 trillion compared to Q2 2022, mainly driven by a decrease of IDR 9.08 trillion in net premium income and an increase of IDR 4.45 trillion in total claims and benefits, despite an increase of IDR 10.95 trillion in investment and other income.

The Indonesia Life Insurance Association (AAJI) reported that unweighted total premium (including renewal premium) over Q2 2023 was IDR 86.23 trillion, a decrease of 9.9% compared to Q2 2022. Despite this, the total number of insured lives increased by 18% and 23.7% for groups and individuals respectively in Q2 2023 compared to Q2 2022.

The AAJI further reported that the life insurance industry paid claims and benefits amounting to IDR 79.44 trillion over Q2 2023, including IDR 9.39 trillion of health claims, compared to IDR 83.93 trillion over Q2 2022 with IDR 6.94 trillion in health claims.

## Market news

### NEW PRODUCTS

The following new life insurance products were reported to have been launched over Q3 2023:

#### Traditional products:

- PT Asuransi BRI Life (BRI Life) and PT Bank Rakyat Indonesia Tbk (Bank BRI)** launched **Asuransi Proteksi Jiwa Terencana Kirana**, a term life product providing death coverage for five years to policyholders aged between 18 and 60, with annual premium and single premium options. The single premium option is 10% cheaper than the annual premium option and comes with an additional death benefit amounting to the unexpired premium for the remaining coverage term.
- PT Asuransi Jiwa Manulife Indonesia (Manulife) and PT Bank DBS Indonesia (Bank DBS)** launched **MiWealth Infinite Assurance (MiWISE)**, a 1-/2-/5-pay whole of life product specifically designed for high-net-worth customers as a legacy planning solution, offered in both IDR and USD. The greater of two amounts will be paid out upon death:
  - The total of sum assured and additional sum assured, which is a non-guaranteed surplus sharing amount declared at every policy anniversary.
  - The sum assured multiplied by a multiplier factor, which gradually reduces for older age bands.
 Upon accidental death before age 70, an additional 100% of sum assured is also paid out. The total of sum assured and additional sum assured (if any) is paid out upon maturity.
- PT Asuransi Allianz Life Indonesia (Allianz Life)** introduced **LegacyPro**, a 5-/10-/15-pay whole of life product paying out the sum assured upon death, plus a sum assured booster of up to 50% starting from age 75. The sum assured starts from IDR 200 million/USD 20,000. This product also waives all future premiums upon critical illness diagnosis.
- PT Asuransi Jiwa Sinarmas MSIG (Sinarmas MSIG)** introduced **SMiLe Medika Ultimax (SMUAX)**, a yearly renewable term health plan up to age 100, offering plans with a range of coverage for inpatient care and outpatient care. Other miscellaneous benefits include inpatient care outside of coverage area, HIV/AIDS allowance, local ambulance service expenses, a death benefit, and a booster benefit. Policyholders can opt for an inpatient care deductible. Yearly premiums start from IDR 1.61 million.
- Astra Life** launched **AVA Group Medical Protection**, a group health product for employees of micro, small and medium enterprises (UMKM). The product provides basic coverage for hospitalisation and surgery, as well as optional coverage for outpatient care, maternity care, and dental care. Premiums start from IDR 10 million per year per policy for participants ranging from three to 100 employees.

- **Manulife** introduced **Manulife Saving Protector (MSP)**, a 5-pay 10-/15-/20-year endowment product available in IDR and USD, offering individuals a dual-purpose solution in saving for both their retirement and their children's education. The product features annual cash benefit payments as a percentage of annual premium varying by policy term and currency, from the end of the fifth policy year until the end of the coverage period, as well as a maturity benefit amounting to 500% of the annual premium. Upon death, the policy does not terminate, and the cash benefit and maturity benefit will still be paid according to schedule, with adjustments as follows:
  1. During premium term: Starting at 20% of both benefit payments for deaths in the first policy year, linearly increasing to 100% for deaths in the fifth policy year (prorated within the year for non-annual premium modes).
  2. After premium term: Additional cash benefit payments, expressed as percentages of annual premium varying based on policy term, currency and cause of death.
- **Allianz Life and PT Bank CTBC Indonesia (Bank CTBC)** launched **Allianz Life Secure PINTAR**, a single premium 10-year term life product available in IDR and USD. Upon death, the product pays a 105% return of premium for the first two years and 100% of the sum assured thereafter. The death benefit is doubled for accidental deaths. Furthermore, upon survival to the end of 10 years, **Allianz** will pay the education benefit amounting to 100% of the sum assured.
- **PT Sun Life Financial Indonesia (Sun Life) and PT Bank CIMB Niaga Tbk (CIMB Niaga)** have introduced **X-Tra Proteksi Retirement**, a 5-/10-/15-pay endowment denominated in IDR offering life protection and financial security during the productive years up to age 70. Key features of the product include a death benefit starting from 100% of the sum assured and reducing for ages 56 and above, guaranteed cash value payments of 24% sum assured at age 56 followed by annual payments of 11% sum assured until age 69, and 75% of sum assured is paid out upon maturity, totaling 252% of the sum assured. The cash value, including a guaranteed component of at least 10% of sum assured, and a non-guaranteed component which accrues starting from the third policy anniversary, will be additionally paid out upon maturity. A non-guaranteed extra cash value benefit, amounting to 10% of the non-guaranteed cash value accrued to date at age 56, will also be paid out annually from age 56 until 69.

#### Unit-linked products:

- **PT Asuransi Jiwa Astra (Astra Life)** launched **ASLI Proteksi Andalan**, a regular premium whole of life product with a loyalty bonus feature and a maximum entry age of 70 years old. Basic monthly premiums start from IDR 500,000/USD 150. The minimum sum assured is IDR 100 million/USD 50,000 or 500% of the basic annual premium, whichever is greater. The sum assured (subject to a juvenile lien clause) and account value are paid out

upon death or terminal illness diagnosis, while only the account value is paid out upon maturity at age 99. An acceleration of the sum assured (subject to juvenile lien clause) and the account value will be paid out upon total permanent disability before age 65. Loyalty bonuses, each amounting to 50% of the basic annual premium, are credited at the end of the 15<sup>th</sup> and 20<sup>th</sup> policy years.

- **Sinarmas MSIG and PT Bank Tabungan Negara Tbk (Bank BTN)** launched **Smart Flexi Optima Link**, a single premium whole of life unit-linked product. The maximum insured entry age is 70 years, and the minimum premium is IDR 50 million/USD 5,000. Upon accidental death, the sum assured and account value will be paid out whereas, upon maturity and natural death, only the account value will be paid out.
- **Astra Life and PT Bank Permata Tbk (Bank Permata)** launched **AVA iVantage Platinum Protection**, a single premium unit-linked product providing coverage for terminal illness, total permanent disability and death until age 85. The maximum entry age is 70 years, and the minimum premium is IDR 80 million/USD 40,000 with a minimum sum assured of 125% of the premium. Upon death or terminal illness diagnosis, the sum assured (subject to juvenile lien clause) and account value will be paid out. In the event of accidental death before age 65, an additional 100% of sum assured is also paid out. An acceleration of the sum assured (subject to juvenile lien clause) and the account value will be paid out upon total permanent disability before age 65. Only the account value will be paid out upon maturity.

#### Syariah products:

- **PT FWD Insurance Indonesia (FWD)** launched **FWD Berkah Pendidikan**, an education endowment product providing coverage up to the child reaching age 22. The policyholder entry age ranges from 18 to 50, while the child entry age spans from one month up to age 10. Contributions start at IDR 6 million per year, payable for five years or up to the start of the cash benefit payment period. The monthly education cash benefit amount is determined at outset and starts from IDR 500,000. When the child reaches age 18, a lump sum of 2,500% of the monthly cash benefit is paid, followed by 100% monthly cash benefit payments for the subsequent 47 months. In the event of death, total permanent disability, or critical illness diagnosis of the policyholder, the policy waives all future contributions and remains in force until the end of the cash benefit payments. An additional lump sum of 1,500% of the monthly cash benefit is also paid in the event of the policyholder's death. Any accrued cash value will be paid upon maturity.
- **PT Prudential Sharia Life Assurance (Prudential Syariah)** launched **PRUPrime Healthcare Plus Pro Syariah**, a unit-linked rider that provides health coverage, e.g., inpatient and surgery, outpatient and other benefits, with a maximum entry age of 75. There are 11 plans available with basic benefit limits ranging up to



IDR 20 billion. Its features include **PRUPrime Saver** (option for a deductible to lower the contribution rates), **PRUPrime Limit Booster** (a one-off benefit limit increase of up to IDR 50 billion at the beginning of the coverage term) and Growing Benefit Facility (increasing the benefit limit by 10% of initial benefit limit for every year without claims, capped at 50%).

- **Prudential Syariah** has launched **PRUANugerah Syariah**, a 5-/10-/15-pay whole of life product with contributions starting from IDR 500,000 per month. This product offers retirement benefits (survival benefit) up to 100% of contributions paid to date, varying by policyholder entry age. For entry ages up to 55 years old, this benefit will be paid out upon reaching age 60 or the 25<sup>th</sup> policy anniversary, whichever comes earlier, and upon reaching age 80 for entry ages 56 and above. If death occurs before the retirement benefit payment, 150% of sum assured and cash value will be paid out, otherwise the death benefit will be 100% of sum assured and cash value. The product also provides an additional accidental death benefit before age 70, which amounts to 250% of sum assured during holiday or pilgrimages and 150% of sum assured during non-holiday season. There is an option to endow (waqf) a maximum 45% of total insurance benefits and maximum 33% of retirement benefits. The product also waives all future contributions upon critical illness diagnosis.
- **PT Asuransi Jiwa Generali Indonesia (Generali)** and **PT Bank BJB Syariah (Bank BJB Syariah)** launched **Pro-Life Jariah 100**, a 5-/10-/15-/20-pay whole of life product providing death, survival and maturity benefit. Upon death, the product pays 100% return of contribution for the first two years, and the sum of the sum assured (subject to juvenile lien clause for non-accidental death), cash value and a percentage of return on contribution, varying based on premium term thereafter. In addition, all contributions paid will be returned over two payments within the policy term, once 10 years after premium term and once upon reaching age 75. The sum assured will be paid out of the cash value upon maturity.

#### Microinsurance products:

- **PT Asuransi Jiwa IFG (IFG Life)** introduced **IFG LifeSAVER**, a 1-month product providing accident coverage for medical expenses, deaths and total and permanent disabilities, available in two variants: **LifeSAVER** and **LifeSAVER+**. The product pays IDR 20 million or IDR 40 million upon death or total permanent disabilities, and provides a medical benefit limit of IDR 200 million or IDR 400 million per accident. Water sport accidents are only covered by the **LifeSAVER+** variant. The product can be purchased through the **Life by IFG** app with a premium of IDR 49,000 or IDR 99,000 per month. Additional coverage for physiotherapy up to IDR 10 million and sport injury medical expenses up to IDR 20 million is provided complimentary during the promotional period, which is still valid at time of writing.

#### NEW DIGITAL FEATURES

- **PT Perta Life Insurance (PertaLife)** has launched the digital application **P-Life** and the **Grab Merchant Program** as a part of the company's 38<sup>th</sup> anniversary celebration. The P-Life app is designed for selling individual life insurance products, including life insurance (Tugu Eka Warsa), accident insurance (MediCard), health insurance (Health Guard), and education insurance (Smart Gift). The company also introduced the Grab Merchant Program, providing 1-year death coverage of IDR 100 million for UMKM owners who are Grab Merchant partners.
- **Blu by BCA Digital**, a digital banking application provided by **PT Bank Central Asia Tbk (Bank BCA)**, has recently launched its new feature, **bluInsurance**, allowing customers access to insurance services provided by **PT Asuransi Jiwa BCA (BCA Life)**. BluInsurance provides four insurance products, focusing on term life and personal accident coverage, with affordable premiums starting from IDR 40,000 per month. Customers can directly purchase these products through the blu app.
- **PT Prudential Life Assurance (Prudential)** has signed a memorandum of understanding with **Bank BRI**. The collaboration enhances **Prudential's** insurance premium collection process using **Bank BRI's** integrated corporate solution platform, **Qlola by BRI**, and enables it to simplify its operational transactions, including insurance claim payments for customers, by leveraging on **Bank BRI's** transaction services such as BRI API Fund Transfer and BI-Fast. Additionally, **Prudential** customers can conveniently pay premiums using **Bank BRI's** autodebit and credit cards available on the PRUPaylink platform.

#### UPDATE ON JIWASRAYA/IFG LIFE

- **Jiwasraya** has handed over the responsibility for the remaining 1% of policyholders who rejected the restructuring proposal to the Ministry of State-Owned Enterprises (BUMN). This decision comes as a response to customers continuing to decline **Jiwasraya's** restructuring offers, including the restructuring programme for bancassurance policies.

#### SYARIAH SPIN-OFF

- The Syariah business unit of **Allianz Life** officially separated from the holding company after the regulator granted a business license to a new entity named **PT Asuransi Allianz Life Syariah Indonesia (Allianz Syariah)** on 11 August 2023. **Allianz Syariah** would later commence operations in November 2023.

## Regulatory developments

#### NEW REGULATIONS OVER Q3 2023

The following OJK Regulation (POJK) developments have been reported during Q3 2023:

- In July 2023, the OJK issued **POJK No 9/POJK.03/2023**, an amendment from **POJK No 13/POJK.03/2017**, regarding the use of public accountants and public accounting firms in the financial service industry. This regulation aims to ensure that the activities conducted in

these firms are professional and ethical following the International Code of Ethics for Professional Accountants IESBA 2018.

- In July 2023, the OJK issued **POJK No 11/POJK.05/2023** regarding the Separation of Syariah Units within Insurance and Reinsurance Companies. The new regulation requires the minimum equity for spin-off to be at least IDR 100 billion and IDR 200 billion for Syariah Units of Insurance and Reinsurance Companies, respectively, alongside an additional condition that the separation of a Syariah unit is attainable when the Syariah unit's Tabarru fund and participant's investment fund constitute at least 50% of the total insurance, Tabarru and investment fund of the holding. Other points covered by the regulation include:
  1. If, during the process of Syariah Unit separation, the assets and/or equity of the Syariah Unit decrease and no longer meet the requirements as stated above, this condition does not absolve the Insurance Companies and Reinsurance Companies from the obligation to perform the Syariah Unit separation.
  2. The transfer of the portfolio must be completed within a maximum of six (6) months from the date of approval of the Syariah Unit's separation by the Financial Services Authority (OJK).
  3. Companies with Syariah business units must submit changes to the Syariah Business Unit Separation Work Plan (RKPUS) by December 2023 at the latest.

#### FORTHCOMING REGULATIONS

The following developments in forthcoming regulations were reported in the news over Q3 2023:

- The upcoming Group Company Insurance System based on Equity (KPPE) and Insurance Business Group (KUPA) will categorise insurance companies into two groups, KPPE 1 and KPPE 2, based on their capital. OJK plans to issue the regulation of licensing and the structure of insurance/reinsurance companies in Q4 2023. KPPE 1 and KPPE 2 will have different minimum equity requirements, with KPPE 1 companies needing a minimum of IDR 500 billion and KPPE 2 requiring IDR 1 trillion, to be fulfilled by 31 December 2028. Additionally, KUPA is introduced as an alternative for companies unable to meet the equity requirements by the end of 2028, involving ownership relationships among its members. This regulation aims to streamline Indonesia's insurance industry, enhancing integrity and stability, although as of now no insurance company has registered for KUPA. The KUPA parent company must meet KPPE 1 requirements, while its members are not restricted by capital, although the parent must own around 10% of KUPA shares. The minimum capital requirements for conventional insurance and reinsurance companies are set to increase, reaching IDR 1 trillion and IDR 2 trillion, respectively, by 2028.

## Distribution updates

#### AGENCY CHANNEL

The following new agency developments have been reported in the media over Q3 2023:

- **PT Bhinneka Life Indonesia (Bhinneka Life)** officially inaugurated a new marketing office in Medan, North Sumatera.
- **PT AXA Financial Indonesia (AXA Financial)** opens its first marketing office in Tegal, Central Java, named **Tegal Lucky Blessing**.
- **PT Asuransi Jiwa Sequis Life (Sequis Life)** inaugurated a new marketing office, **Agency Legend Musketeer**, in Tanjungpinang, Riau Islands.
- **PT Panin Dai-ichi Life (Panin Dai-ichi Life)** inaugurated a new marketing office, **General Agency Meraih Visi Pemenang**, in PIK 2, Tangerang Regency, Banten.

#### BANCASSURANCE CHANNEL

The following new bancassurance partnerships and developments have been reported in the media over Q3 2023:

- **PT MNC Life Assurance (MNC Life)** has signed a memorandum of understanding (MoU) with **PT BPR Dinar Pusaka (BPR Dinar Pusaka)** on the provision of credit life insurance. The synergy between MNC Life and BPR Dinar Pusaka is aimed at enhancing customer service, complementing existing products offered by BPR Dinar Pusaka to its customers.
- **PT Bank Mandiri Taspen (Mandiri Taspen)** is collaborating with **PT Heksa Solution Insurance (Heksa Solution)**, who started providing credit life cover to **Mandiri Taspen**'s debtors, which would provide loan settlement to the bank in the event of the debtor's unfortunate demise. **Mandiri Taspen** customers now have three credit life cover options, including Heksa Solution.
- **IFG Life** and **Bank BTN** have signed a 15-year partnership to market bancassurance products targeting home ownership loan (KPR) customers. IFG Life plans to offer health and life insurance products and engage millennials further through its lifestyle applications, designing insurance products catered to them.

#### DIGITAL CHANNEL AND INSURTECH

- **PT Pos Indonesia (Pos Indonesia)** collaborates with **PT Sunday Insurance Indonesia (Sunday Indonesia)**, an insurtech insurance aggregator company, for insurance sales on **Pospay**, a unified digital payment service platform issued by Pos Indonesia. Pospay customers can now buy various insurance products underwritten by Sunday Indonesia, including life microinsurance cover with premiums starting from IDR 15,000, as well as affordable travel insurance.
- **Generali** has partnered with **Pos Indonesia** to utilise **Pospay** for sales of **Asuransiku Berkah Bagi Negeri (Aku Berbagi)**, a regular premium whole of life Syariah product with a maximum entry age of 65 years old. The sum assured (subject to a juvenile lien clause) is ranging

from IDR 1 million to IDR 500 million and will be paid out upon death or maturity at age 99. If death occurs within the first two years, non-accidental death will only receive a 50% return of contribution, while accidental death will receive the sum assured. For accidental death that occurs before the policy start date, the sum assured will be capped at IDR 25 million and the premium will be returned. Additionally, customers also have the option to contribute to social welfare by sharing a portion of their policy benefits (waqf).

**OTHERS**

The following partnerships and developments have been reported in the media over Q3 2023:

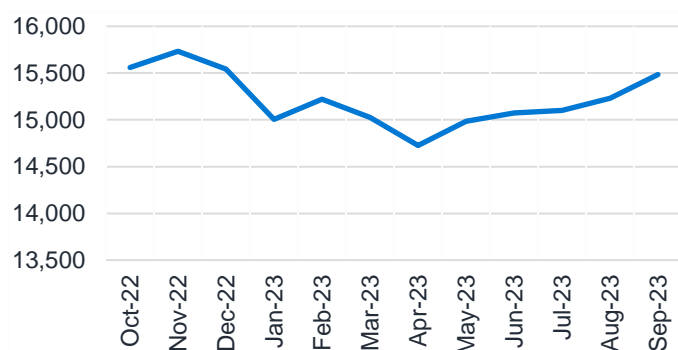
- **Panin Dai-ichi Life** partnered with telemedicine application **KlikDokter**, taking a progressive step towards digital innovation by offering digital healthcare and claims services to their customers. Accessible through the **Connect by Panin Dai-ichi Life** app, one of the services provided is “Ask a Doctor” allowing customers to consult with doctors online through the digital platform. This service enables customers to receive medical advice without visiting healthcare facilities, including prescription deliveries to their homes.
- On 24 August 2023 **Bank of Singapore Ltd (Bank of Singapore)** acquired additional shares of **PT Maskapai Reasuransi Indonesia (Marein)**. An Indonesia Stock Exchange (IDX) report shows that Bank of Singapore increased its ownership stake by 5,000 shares in Marein. As a result, Bank of Singapore now holds 5.003% of Marein shares, up from the previous 5.002%.

**Other recent developments**

**MACROECONOMICS**

The graph below shows the Indonesian rupiah (IDR)-US dollar (USD) exchange rate for the past 12 months.

**USD TO IDR EXCHANGE RATES**



Source: FX rate: [www.xe.com](http://www.xe.com).

Overall, compared with conditions at the end of 2022, the US dollar index gained 2.60% year-to-date (ytd). The strong US dollar had a widespread impact on global currencies, causing depreciation. This led to losses for currencies such as the Japanese yen, Australian dollar, and euro. However, the

rupiah only depreciated by 1.03% (ytd) due to stabilisation measures by Bank Indonesia (BI). To address global financial market uncertainty, BI plans to strengthen its rupiah stabilisation policy, through a number of efforts, one of which is issuing Bank Indonesia Rupiah Securities (SRBI). BI aims to attract foreign portfolio inflows by making SRBI more appealing to foreign investors. Additionally, other efforts that will be made to improve financial stability includes implementing instruments aligning with government regulations and retaining proceeds from natural resources exports.

Indonesia's domestic economy remains strong despite global challenges. In Q3 2023, economic growth was driven by robust private consumption, especially among younger demographics, buoyed by increased spending in the services sector and sustained consumer confidence. Investments also performed well due to ongoing national strategic projects (PSN). However, real exports growth declined due to weakened demand from key partners like China and lower commodity prices. Services exports, however, rose with increased international travel.

Regionally, Sulampua, Kalimantan and Java showed strong economic growth. BI projects 2023 economic growth between 4.5% and 5.3%, with an expectation of acceleration in 2024. Anticipated improvements in 2024 include higher civil servant salaries, the upcoming general election, and the development of a new capital city. To support economic growth, BI is implementing additional macroprudential policies and advancing payment system digitalisation in collaboration with the government's fiscal policy.

Inflation in Indonesia is well-controlled within the target range, with the Consumer Price Index (CPI) registering at 2.28% year-over-year (y/y) in September 2023, a decrease from 3.27% y/y of the previous month. The decline is attributed to lower core inflation and administered price (AP) inflation, while volatile food (VF) inflation accelerated due to rising rice and beef prices. The stability in inflation is a result of consistent monetary policy and collaborative efforts between BI and the central and regional government. Despite this, the bank remains vigilant about potential inflationary risks, including higher international food and energy prices and rupiah depreciation. BI commits to reinforcing its monetary policy approach and maintaining close collaboration with the government to ensure inflation remains within the target range of 3.0%±1% for the current year and 2.5%±1% in 2024.

During the BI Board of Governors Meeting in October 2023, Indonesia raised the BI 7-Day Reverse Repo Rate by 25 basis points to 6.00%, alongside increases in the Deposit Facility and Lending Facility rates to 5.25% and 6.75%, respectively. This decision aims to strengthen the rupiah stabilisation policy amidst global uncertainties and proactively address potential imported inflation. The adjustments aim to keep inflation within the targeted corridor while simultaneously supporting economic growth through macroprudential policies and prioritising digital financial transactions.

As per SEOJK NO 27/SEOJK.05/2017 and SEOJK NO 28/SEOJK.05/2017, the maximum discount rate assumption allowed in determining the premium reserves is the Indonesia Bond Pricing Agency (IBPA) published average yield of securities issued by the Indonesian government for the prior 12 months, plus an additional 0.5%.

The table below shows the derivation of the maximum discount rates as at 30 September 2023.

| IDR   |                        |                               | IDR   |                        |                               |
|-------|------------------------|-------------------------------|-------|------------------------|-------------------------------|
| TENOR | AVERAGE OF LAST 1 YEAR | AVERAGE OF LAST 1 YEAR + 0.5% | TENOR | AVERAGE OF LAST 1 YEAR | AVERAGE OF LAST 1 YEAR + 0.5% |
| 1     | 5.86                   | 6.36                          | 16    | 7.10                   | 7.60                          |
| 2     | 6.13                   | 6.63                          | 17    | 7.12                   | 7.62                          |
| 3     | 6.26                   | 6.76                          | 18    | 7.13                   | 7.63                          |
| 4     | 6.37                   | 6.87                          | 19    | 7.15                   | 7.65                          |
| 5     | 6.46                   | 6.96                          | 20    | 7.15                   | 7.65                          |
| 6     | 6.56                   | 7.06                          | 21    | 7.16                   | 7.66                          |
| 7     | 6.65                   | 7.15                          | 22    | 7.17                   | 7.67                          |
| 8     | 6.73                   | 7.23                          | 23    | 7.17                   | 7.67                          |
| 9     | 6.81                   | 7.31                          | 24    | 7.17                   | 7.67                          |
| 10    | 6.87                   | 7.37                          | 25    | 7.18                   | 7.68                          |
| 11    | 6.93                   | 7.43                          | 26    | 7.18                   | 7.68                          |
| 12    | 6.98                   | 7.48                          | 27    | 7.18                   | 7.68                          |
| 13    | 7.02                   | 7.52                          | 28    | 7.18                   | 7.68                          |
| 14    | 7.05                   | 7.55                          | 29    | 7.18                   | 7.68                          |
| 15    | 7.08                   | 7.58                          | 30    | 7.18                   | 7.68                          |

Source: Milliman calculations based on Indonesia Bond Pricing Agency (IBPA).



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#### CONTACT

Farzana Ismail  
[farzana.ismail@milliman.com](mailto:farzana.ismail@milliman.com)

Junaidi Amin  
[junaidi.amin@milliman.com](mailto:junaidi.amin@milliman.com)

Joshua Winata  
[joshua.winata@milliman.com](mailto:joshua.winata@milliman.com)

Richard Holloway  
[richard.holloway@milliman.com](mailto:richard.holloway@milliman.com)