



Life in Indonesia

NOVEMBER 2024 EDITION

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

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



Junaidi Amin
*Head of Life Insurance
Consulting, Indonesia*



Farzana Ismail
*Principal & Consulting
Actuary*



Joshua Winata
Consulting Actuary



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

Market Performance

INDUSTRY PERFORMANCE OVER H1 2024

According to the Indonesian Insurance Statistics published by the Financial Services Authority (OJK), the Indonesian life insurance industry experienced an increase in profit before tax and other comprehensive income (OCI) over H1 2024 (relative to H1 2023). The change over the period is summarised below:

FINANCIALS (IN IDR TRILLIONS)	H1 2023	H1 2024	CHANGE
Net Premium Income	71.61	71.87	0.26
Investment and Other Income	25.58	21.94	(3.64)
Total Income	97.19	93.81	(3.38)
Total Claims and Benefits	74.93	69.34	(5.59)
Commission and Acquisition Costs	9.29	9.12	(0.17)
Operating Expenses	10.43	10.59	0.16
Total Expenses	94.65	89.05	(5.60)
Profit/(Loss) Before Tax and OCI	2.55	4.76	2.21
Tax	0.72	0.86	0.14
Net Profit/(Loss) Before OCI	1.83	3.90	2.07
Total Assets	587.18	586.61	(0.57)
Premium Reserve	408.11	399.90	(8.21)
Unearned Premium Reserve	5.58	6.63	1.05
Claim Reserve	8.17	8.67	0.50
Catastrophic Reserve	0.14	0.12	(0.02)
Total Technical Reserve	422.00	415.32	(6.68)

Source: OJK's Indonesia Insurance Statistics: June 2023 and June 2024.

Notes:

- OCI = Other Comprehensive Income.
- Figures may not be additive due to rounding.

Over H1 2024, the profit before tax and OCI increased by IDR 2.21 trillion compared to the equivalent period in 2023, mainly driven by a reduction of IDR 5.59 trillion in total claims and benefits, offset by a reduction of IDR 3.64 trillion in investment and other income.

The Indonesia Life Insurance Association (AAJI) reported that total unweighted premium income (including renewal premium) over H1 2024 was IDR 88.49 trillion, an increase of 2.6% compared to H1 2023. The total number of insured lives in H1 2024 decreased by 31.4% for individuals and increased by 54.9% for groups compared to H1 2023, resulting in an overall net increase of 28.4%.

The AAJI further reported that in H1 2024, the life insurance industry paid total claims and benefits amounting to IDR 77.67 trillion, marking a 2.2% decrease from H1 2023. During the same period, total health claims paid increased by 26.0%, from IDR 9.39 trillion (11.8% of total claims) to IDR 11.83 trillion (15.2% of total claims).

Market News

NEW PRODUCTS

The following new life insurance products were reported to have been launched over Q3 2024:

Traditional Products:

- PT Panin Dai-ichi Life (Panin Dai-ichi Life)** launched **Panin Syariah Berkah Proteksi**, a Syariah endowment product, sold through the agency channel. It offers four coverage plan options: 1-pay 10-year coverage, 3-pay 10-year coverage, 5-pay 15-year coverage or 10-pay 20-year coverage. The minimum annual contribution varies from IDR 12 million to IDR 45 million based on the coverage plan, while the single contribution amount starts from IDR 130 million. The insurance allowance is calculated as a multiple of the annual contributions, where the multiplier ranges from 2 to 58 depending on insured age and contribution term. The death benefit amounts to 100% of the insurance allowance subject to the juvenile lien clause, which is doubled upon accidental death during Hajj before age 70. Survival to some policy anniversaries would entitle the policyholder to claim a cash benefit out of the Tanahud fund, ranging from 5% to 10% of total annual contributions. The product refunds 85% or 100% (depending on the contribution term) of the total contributions out of the Tanahud fund upon maturity.
- PT Asuransi Simas Jiwa (Simas Jiwa)** has partnered with Indonesian Insurtech company, **PT Fuse Digital Indonesia (Fuse)** to launch **Simas Dana Pasti**, a 5-pay 10-year endowment product offering protection against natural death, accidental death and critical illnesses. The sum assured is paid upon natural death and doubled upon accidental death. Additionally, a critical illness benefit is available, paying out 50% and 100% of the sum assured for early-stage and middle-/late-stage critical illnesses, respectively. With a minimum annual premium of IDR 10 million, the policy provides a 124% return of premium benefit upon maturity, regardless of any prior claims. The collaboration leverages Fuse's technology to provide easy access and management of the insurance policy, targeting customers that seek both protection and investment benefits.

- **PT Avrist Assurance (Avrist)** launched **Avrist Infinite Care**, a 10/15/20-pay endowment product that provides death, accidental death, critical illness, disability and daily hospitalisation benefits to age 80. The sum assured, starting from IDR 30 million, increasing by 5% of the basic sum assured every 10 years, will be paid upon death. An additional 100% of the basic sum assured will be paid upon accidental death. The product pays 50% of the sum assured upon diagnosis of early-stage critical illnesses. For late-stage critical illnesses, the product provides an additional benefit of 100% of sum assured, less any early-stage critical illness benefits already paid. Upon disability before age 65, an additional benefit ranging from 50% to 100% of the basic sum assured is also paid. The product offers 0.5% of the basic sum assured (capped at IDR 2 million) as the daily hospitalisation benefit, for up to 14 days in one policy year. One hundred percent return of premium and cash value will be paid upon maturity. Policyholders also have the option to attach a waiver of premium rider, which waives all future premiums in the event of total permanent disability.
- **PT Asuransi Jiwa Manulife Indonesia (Manulife)** has launched **Manulife Critical Care Protection**, a 10-/15-/20-pay health product providing coverage up to age 85 with a minimum sum assured of IDR 200 million. The product offers two plans: Plan 1 provides late-stage critical illness, death and maturity benefits, while Plan 2 also adds early-stage critical illness, ICU and cancer-specific benefits. The late-stage critical illness benefit is an accelerating benefit up to 100% of sum assured, reduced by any prior accelerating benefit which includes early-stage critical illness, ICU and angioplasty benefits (if applicable). Plan 2 holders are entitled to an early-stage critical illness benefit of 25% of the sum assured, capped at IDR 1.5 billion, and an ICU benefit amounting to 25% of the sum assured up to IDR 250 million. An additional benefit of 25% of the sum assured, capped at IDR 1.5 billion, is paid upon the second occurrence of early-stage cancer (at least 12 months after the first cancer diagnosis). The sum assured will be paid upon death or maturity, reduced by any accelerating benefits already paid out. The cash value (if any) is paid upon maturity or surrender.
- **PT Asuransi Jiwa Generali Indonesia (Generali)** has started selling **BeSMART Lite**, a whole of life product already sold through other channels, through **PT Bank Victoria International (Bank Victoria)**. The product provides premium term options of 3/5/10/15/20 years, with a minimum annual premium of IDR 3.6 million and a minimum sum assured of IDR 50 million. The product pays out the sum assured upon death (subject to a juvenile lien clause, except in the case of accidental death) or upon maturity. Policyholders have the option to attach five different riders to the policy: Lite UP, paying an additional 100% of the sum assured upon death or maturity; WOP, waiving the basic and rider premiums upon a critical illness diagnosis; CI Benefit, paying out 100% of the sum assured upon a critical illness diagnosis; ADB, doubling the sum assured upon accidental death; and GHS, providing medical benefits.
- **PT Asuransi BRI Life (BRI Life)** has introduced **Asuransi Aman Optima Sejahtera (AMORA)**, a 1-/5-/10-pay whole of life product paying out the accumulated sum assured upon death. The sum assured increases by 20% every five years, with the total sum assured capped at 200% of the basic sum assured. Upon accidental death before age 80, an additional 100% of the sum assured (capped at IDR 10 billion) will be paid out. Upon maturity, 200% of the sum assured will be paid out. This product is currently available through the bancassurance channel with **Bank BRI**, eligible for individuals up to age 70, with annual premiums starting from IDR 37.3 million (or a single premium starting from IDR 278.2 million) and sum assured starting from IDR 2 billion.
- **PT AXA Financial Indonesia (AXA Financial)** launched **AXA Health Protector**, a yearly renewable term (YRT) health product providing coverage up to age 99 offering nine plan options, with varying benefit levels/limits and geographical coverage areas. The product offers hospitalisation, surgical, outpatient, pre-/post-natal and death benefits. The coverage area for each plan varies, with Classic Plus, Classic and Classic Lite covering Indonesia; Premium Plus and Premium covering Asia (excluding Singapore, Hong Kong and Japan); Business Plus covering Asia; and Infinite Plus, which covers all regions except the United States. The starting annual premium starts from IDR 5,487,100. A policy is eligible for a 10% premium discount on the next policy renewal if the policy has no approved claims and has not lapsed in the last two consecutive observation periods. The annual benefit limit ranges from IDR 10 billion to 30 billion, depending on the plan selected. For the Business Plus and Infinite Plus plans, an optional deductible feature called XtraSave is available. A death benefit of up to IDR 25 million is offered for each insured depending on the plan selected.
- **PT Sun Life Financial Indonesia (Sun Life)** launched **Asuransi Salam Hijrah Sejahtera**, a Syariah endowment product offering 10-/15-/20-year term options for 5-pay and 15-/20-/25-year term options for 10-pay plans. This product is available for individuals aged 18 to 80, with an annual contribution starting from IDR 15 million. Upon death, 100% of sum assured, cash value (if any) and additional IDR 10 million will be paid out. The product also offers an additional 100% of sum assured in the case of death during the holy month of Ramadan or during Hajj. The sum assured is calculated by multiplying the annual contribution by a factor ranging from 5 to 60 depending on the plan selected, capped at IDR 2 billion. The maturity benefit is calculated as 275% to 875% of the annual contribution amount depending on the plan selected, plus the cash value (if any).

Unit-linked Products:

- **PT Hanwha Life Insurance Indonesia (Hanwha Life)** launched **Hanwha Optimal Protection Excellence (HOPE)**, a regular-pay, unit-linked product providing coverage to age 99 with a loyalty bonus feature. Upon death, 100% of sum assured (subject to a juvenile lien clause) and the account value will be paid out. Upon accidental death before age 70, an additional benefit of 100% of the first-year basic premium (capped at IDR 50 million) will be paid out. Upon maturity, the account value plus 25% of the basic sum assured will be paid out. This product also provides a loyalty bonus of 10% of the first-year basic premium at the start of the 10th policy year, increasing by 5% every five years until the 30th year. Annual basic premiums start from IDR 6 million, while the sum assured is at least five times the annual basic premium (floored at IDR 100 million).

Microinsurance Products:

No new microinsurance products were reported to have been launched over Q3 2024.

Riders:

- **PT Asuransi Allianz Life Indonesia (Allianz)** launched **Allianz Flexi Medical Plan**, a medical rider for unit-linked products providing renewable coverage up to age 50, 80 or 100. This rider was released along with its Syariah counterpart, **AlliSyah Flexi Medical Plan** from **PT Asuransi Allianz Life Syariah Indonesia (Allianz Syariah)**. Both versions of the rider offer six different plan options which vary in geographical coverage areas and benefit levels/limits, with Classic and Classic Plus covering Indonesia, Essential Pro and Essential Plus covering Asia (excluding Singapore, Hong Kong, and Japan) and Elite Pro and Elite Plus covering Asia and Australia. The annual benefit limit ranges from IDR 10 billion to 20 billion, depending on the plan selected. The policyholder must choose between two 'own risk' options to be applied to the riders:
 - **Type I:** a fixed deductible amounting to IDR 15 million for Classic and Classic Plus; IDR 20 million for Essential Pro and Essential Plus; and IDR 25 million for Elite Pro and Elite Plus
 - **Type II:** the maximum of the deductible amount from Type I and a 20% co-share

Both versions provide a death benefit of IDR 25 million, with the Syariah version offering an additional IDR 25 million for accidental death. The riders also provide a Flexi Benefit feature, a separate account for the policyholder to cover excess claims not covered by the riders' benefits (such as deductibles and online consultations). The Flexi Benefit account can be credited in the following ways:

- The insurer will refund 5%, 10% and 20% (respectively upon the first, second and third renewal) of the total cost of rider from the previous policy year as a no-claim bonus.

- If the policyholder is hospitalized, a daily allowance ranging from IDR 350,000 to 850,000 (depending on the plan chosen) will be credited to the account.
- A one-time benefit of up to IDR 500,000 (depending on the plan chosen) in the event that the insurer reprices the basic premium to ensure policy sustainability.

OTHER NEWS

- The OJK has raised concerns about the growing outflow of reinsurance premiums abroad, which increased as a proportion of total insurance premiums from 34.8% in 2022 to 38.1% in 2023, contributing to a worsening trade balance deficit. Ogi Prastomiyono, OJK's Chief Executive for Insurance, Guarantee, and Pension Fund Supervision, pointed out that the insurance sector's balance of payments has remained negative, with a deficit of IDR 10.2 trillion in 2023, a 28.22% deterioration compared to the IDR 7.95 trillion deficit in 2022, partly attributed to higher reinsurance remittances overseas.

Regulatory Developments**NEW REGULATIONS OVER Q3 2024**

No new regulatory developments were reported in the news over Q3 2024.

FORTHCOMING REGULATIONS

There were no forthcoming regulations reported in the news over Q3 2024.

Distribution Updates**AGENCY CHANNEL**

The following new agency developments have been reported in the media over Q3 2024:

- **PT Asuransi Jiwa Sequis Financial (Sequis Financial)** opened a new marketing office in Medan.
- **Panin Dai-ichi Life** launched two new marketing offices in Batam and West Jakarta.
- **Manulife** opened four new marketing offices in Banten (one office), Medan (two offices) and Surabaya (one office).
- **PT FWD Insurance Indonesia (FWD)** opened nine new marketing offices in Bandar Lampung, Pekanbaru, Yogyakarta, Tana Toraja, Balikpapan, Samarinda, Surabaya (two offices) and Denpasar.
- **PT MSIG Life Insurance Indonesia (MSIG Life)** inaugurated a new independent agency office in Pekanbaru.

BANCASSURANCE CHANNEL

The following new bancassurance partnerships and developments have been reported in the media over Q3 2024:

- **PT Prudential Syariah Life Assurance (Prudential Syariah)** has announced a long-term bancassurance partnership with **PT Bank Syariah Indonesia Tbk (BSI)**, effective from early 2025. This partnership will enable BSI, Indonesia's largest Syariah bank, with over 20 million customers and more than 1,000 branches, to market, promote and distribute Prudential Syariah's products. This strategic move aims to boost Syariah financial inclusion and literacy in Indonesia, leveraging and expanding the significant customer bases of both companies.
- **Simas Jiwa** partnered with **PT Bank Permata (Bank Permata)** in launching a credit life product for Bank Permata debtors, available in both conventional and Syariah variants. Simas Jiwa views its partnership with Bank Permata as a strategic move to strengthen its market presence and expand its reach. Simas Jiwa aims to boost its business growth by 20% or IDR 20 billion over the second half of this year.
- **FWD and PT Bank OCBC NISP Tbk (Bank OCBC)** have signed a bancassurance distribution agreement. This collaboration aims to provide comprehensive protection solutions for Bank OCBC customers, aligning with their vision to transform public perception of insurance. FWD focuses on providing customer-centric and technology-driven solutions to enhance financial inclusion and to facilitate access to insurance products for Indonesians.

OTHER CHANNELS

The following new developments have been reported in the news over Q3 2024.

- **BRI Life** and **PT Permodalan Nasional Madani (PNM)**, a subsidiary of **Bank BRI**, have partnered to enhance life insurance penetration in Indonesia, targeting ultra-micro communities. They signed an agreement to distribute and market the **Asuransi Mikro Jiwa Ultra Mikro Syariah (AM Jiwa UMi Syariah)** insurance product to participants of PNM's *Membina Ekonomi Keluarga Sejahtera* (Mekaar) programme, which supports over 15 million low-income women who would like to start or develop their businesses through unsecured loans. The product offers death coverage of up to IDR 3 million with an affordable premium options of IDR 20,000 and IDR 40,000. This collaboration aims to provide financial protection and support the financial inclusion of underserved communities.
- **PT MNC Life Assurance (MNC Life)** signed an agreement with **PT Karunia Multifinance (Karunia Multifinance)** to develop credit life insurance products aimed at providing enhanced financial protection for debtors. This collaboration brings added value to Karunia Multifinance's customers, with the support of **PasarPolis** as the insurance broker. The credit life insurance aims to cover risks faced by debtors during the credit period,

providing financial stability and peace of mind for their families. The partnership marks the beginning of various upcoming initiatives and innovations, with both companies committed to delivering high-quality, relevant solutions to their customers.

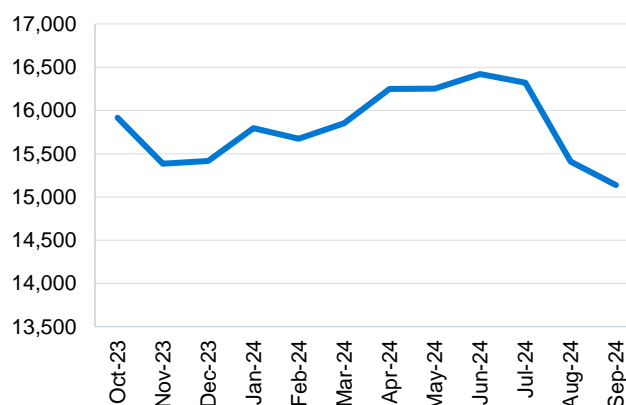
- **PT Central Asia Financial (Jagadiri)** has formed a collaboration with **PT Jamkrida Jabar**, a credit guarantee regional-owned enterprise (BUMD), in offering financial protection against default risks due to natural or accidental death through their credit life insurance product, for debtors of Jamkrida Jabar's partner banks. Jagadiri views this partnership as a demonstration of the company's commitment in providing broader protection to the public.

Other Recent Developments

MACROECONOMICS

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

USD TO IDR EXCHANGE RATES



Source: Bank Indonesia Mid Rates.

Over Q3, the rupiah showed an appreciating trend, with an increase of 7.81% compared to June 2024. According to Bank Indonesia (BI), the appreciation is influenced by BI's monetary policy mix consistency and an influx of foreign capital. As at the end September 2024, the rupiah had strengthened by 1.80% over the calendar year.

According to BI's September 2024 edition of the Monetary Policy Review, the rupiah is expected to continue strengthen, supported by attractive yields, low inflation and promising economic growth. BI continues its commitment in optimising available monetary instruments, strengthening its pro-market monetary operations through Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Exchange Securities (SVBI) and Bank Indonesia Foreign Exchange *Sukuk* (i.e., Islamic securities) (SUVBI). Furthermore, BI is enhancing transparency on the prime lending rates (PLR) policy and focus on interest rates through the Macroprudential Liquidity Incentive policy (KLM) for priority economic sectors.

Additionally, it seeks to expand digital payment acceptance by educating QRIS merchants on cross-border payments and promoting the use of Indonesian credit cards within government segments.

Economic growth for 2024 is forecast to range between 4.7% and 5.5%, supported by increasing household consumption, increased investment in building projects in line with finalisation of the new Nusantara Capital City (IKN), completion of various national strategic projects (PSN) and increasing capital goods imports and cement sales. Concurrently, the balance of payments is stable, with a narrow current account deficit and strong foreign reserves, thereby supporting external resilience in withstanding financial shocks and uncertainties.

Inflation remains low and within the 2.5%±1% target, with August 2024 Consumer Price Index (CPI) inflation at 2.12% year-on-year. Core inflation was 2.02% year-on-year and volatile food inflation fell from the previous month due to increased food supply and effective management by the Central Government and Regional Government Inflation Control (TPIP and TPID) teams. BI expects inflation to stay controlled within the target range, supported by robust

economic capacity, rupiah stability resulting in low imported inflation, digitalisation and ongoing synergy between BI and the central and regional governments. BI is committed to maintaining effective monetary policy to keep inflation within the target range and to support economic growth through 2025.

The BI Board of Governors Meeting in September 2024 agreed to reduce the BI-Rate by 25 basis points to 6.00%. Additionally, the deposit facility (DF) rate and lending facility (LF) rate were both lowered by 25 basis points to 5.25% and 6.75%, respectively. This decision aligns with the projection of low and stable inflation within the 2.5%±1% target range for 2024 and 2025, the stability and appreciation of the rupiah and the need to bolster economic growth.

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 2024.

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	6.36	6.86	16	6.99	7.49
2	6.52	7.02	17	7.00	7.50
3	6.60	7.10	18	7.02	7.52
4	6.65	7.15	19	7.03	7.53
5	6.69	7.19	20	7.04	7.54
6	6.73	7.23	21	7.05	7.55
7	6.77	7.27	22	7.05	7.55
8	6.80	7.30	23	7.06	7.56
9	6.83	7.33	24	7.07	7.57
10	6.86	7.36	25	7.07	7.57
11	6.88	7.38	26	7.08	7.58
12	6.91	7.41	27	7.08	7.58
13	6.93	7.43	28	7.08	7.58
14	6.95	7.45	29	7.08	7.58
15	6.97	7.47	30	7.09	7.59

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

Solutions for a world at risk™

Milliman leverages deep expertise, actuarial rigor, and advanced technology to develop solutions for a world at risk. We help clients in the public and private sectors navigate urgent, complex challenges—from extreme weather and market volatility to financial insecurity and rising health costs—so they can meet their business, financial, and social objectives. Our solutions encompass insurance, financial services, healthcare, life sciences, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

milliman.com

CONTACT

Junaidi Amin
junaidi.amin@milliman.com

Farzana Ismail
farzana.ismail@milliman.com

Joshua Winata
joshua.winata@milliman.com

Richard Holloway
richard.holloway@milliman.com

