

# Indonesia in focus

## What's new in Non-Life

AUGUST 2024 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 2024 to 30 June 2024.

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



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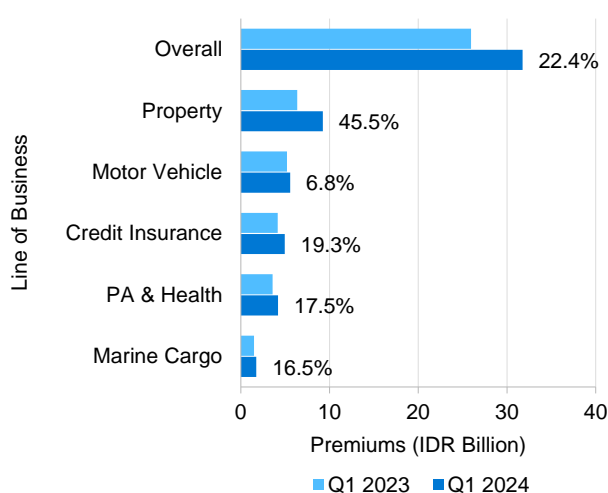


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## Market performance

### CONVENTIONAL INDUSTRY GROWTH AT Q1 2024

#### Premium (IDR billions) and Percentage Growth (%)



Notes: (1) PA – Personal Accident. (2) Only the top five lines of business are shown individually in the chart above.

Source: General Insurance Association of Indonesia (AAUI).

### CONVENTIONAL GENERAL INSURANCE FINANCIAL PERFORMANCE

FINANCIALS (IN IDR BILLIONS)	YTD MAY 2023	YTD MAY 2024	% CHANGE
GROSS WRITTEN PREMIUM	40,072	49,019	22.3%
NET EARNED PREMIUM	22,229	26,454	19.0%
OTHER UNDERWRITING INCOME	30	18	-38.8%
INVESTMENT INCOME	2,017	3,077	52.5%
TOTAL INCOME	24,277	29,549	21.7%
NET LOSS INCURRED	11,891	15,263	28.4%
OTHER UNDERWRITING EXPENSE	-56	372	768.0%
OPERATIONAL EXPENSE	6,311	7,395	17.2%
NET COMMISSION	2,541	2,474	-2.7%
TOTAL EXPENSE	20,688	25,504	23.3%
UNDERWRITING PROFIT	3,589	4,045	12.7%
NET LOSS RATIO	53.5%	57.7%	4.2%
EXPENSE RATIO (INCLUDING COMMISSION)	39.8%	37.3%	-2.5%
EXPENSE RATIO	28.4%	28.0%	-0.4%
NET COMMISSION RATIO	11.4%	9.4%	-2.1%
NET COMBINED RATIO	93.3%	95.0%	1.7%

Source: Financial Services Authority (OJK).

- Overall premiums in Q1 2024 increased about 22.4% year-over-year (Y-O-Y). This was mainly driven by strong growth in Property followed by Credit, Health and Motor Vehicle.
- Property experienced notable growth as residential property sales in Q1 2024 grew by 31.2% Y-O-Y, coupled with a 1.9% growth in the Residential Property Price index. Commercial property prices also increased slightly in early 2024.
- Credit insurance continued to grow by 19.3% Y-O-Y in Q1 2024. However, claims experienced a significant increase of 35.5% over the same period.
- The expansion of distribution channels for Motor Vehicle insurance undertaken by many insurance companies led to the growth of premiums for existing vehicle ownership.
- The 2024 May year-to-date (YTD) underwriting profit of the conventional general insurance industry increased by over 12% Y-O-Y, driven by significant growth in premium and investment income.
- The overall net combined ratio has deteriorated slightly (about 2% point) compared to the same period last year, primarily due to an increase in loss ratio.

## Market news

### NEW PRODUCTS

- PT Asuransi Sinar Mas (ASM) has partnered with the Lake Toba Authority Executive Agency (BPODT), a unit under the Ministry of Tourism and Creative Economy of the Republic of Indonesia. This collaboration aims to provide Personal Accident insurance for visitors to the Toba Caldera Resort and boost tourism by providing additional security in their journey. This partnership focuses on managing the risks associated with visitors within the resort area by providing coverage for accidental death, permanent disability and medical expenses resulting from accidents to official ticket holders.
- PT Sampo Insurance Indonesia (Sampo Insurance) and PT TransNusa Aviation Mandiri (TransNusa) have partnered to offer travel insurance to TransNusa's passengers on international flights since January 2024 via its bundled ticket options, Seat Plus and Flexi Pro. This marks TransNusa's first step into providing insurance and is available for passengers aged 3 months to 84 years old. The travel insurance covers personal accidents, flight delays and cancellations and delayed and lost baggage, along with 24/7 helpline assistance.
- PT Asuransi Jasa Indonesia (Jasindo) has partnered with the Indonesian Notary Association (INI) to provide Liability insurance specifically tailored for its members. These options are designed to ease financial burdens and provide assistance in case of legal issues like lawsuits. Members have the flexibility to select from three premium options: IDR 5 million, IDR 7.5 million and IDR 10 million per year, with voluntary participation.

- PT Asuransi Asei Indonesia (Asuransi Asei) has introduced two new insurance products for the 2024 Eid holidays: MyAsei Persona Mudik and MyAsei Griya Mudik. MyAsei Persona Mudik is a Personal Accident insurance plan that covers hospitalisation, medical expenses, death benefits and permanent disability benefits due to accidents, with coverage up to IDR 25 million and premiums starting at IDR 15,000. MyAsei Griya Mudik offers Fire insurance, with coverage up to IDR 50 million, and theft, with premiums starting at IDR 30,000. Both policies are valid for a period of 15 days.
- PT Great Eastern General Insurance Indonesia (GEGI) has introduced a new Electric Vehicle (EV) insurance. This insurance is specifically designed to protect electric cars and comes in two variants: Comprehensive and Total Loss Only (TLO). The coverage includes damage, theft and other risks uniquely associated with electric vehicles. Additionally, it covers electricity-related risks such as third-party liability from electric car chargers, accidents due to electrocution, damage to personal charging facilities, loss of charger cables and more.
- Oona Insurance Indonesia (Oona Insurance) has launched a digital insurance product for Lebaran 2024, priced at IDR 49,000. This product covers vehicles with benefits such as TLO, Personal Accident protection and roadside assistance. The initiative targets holiday travellers amidst a projected 56.4% increase in Lebaran travel, aligning with their focus on providing affordable insurance solutions.
- PT Asuransi Allianz Utama Indonesia (Allianz Utama) and PT Garuda Indonesia (Persero) Tbk (Garuda Indonesia) have partnered to launch two new insurance products: Domestic TravelPro Insurance and TravelPro International-Enhanced. These plans can be conveniently purchased alongside flight tickets on Garuda Indonesia's website. The insurance plans offer a variety of benefits, including coverage for missed transits, lost or damaged baggage, medical expenses and other travel-related incidents. Notably, the TravelPro International-Enhanced policy also covers medical expenses related to infections from viruses declared as epidemics or pandemics during the trip. Premiums start at IDR 37,000, with coverage lasting up to 30 days for domestic flights and up to 90 days for international flights. Passengers have the flexibility to purchase this insurance for either one-way or round-trip journeys.

#### DISTRIBUTION CHANNEL

- PT Asuransi Cakrawala Proteksi Indonesia (ACPI) has partnered with PT Bank Amar Indonesia Tbk (Bank Amar) to offer Property All Risk insurance. This collaboration aims to provide comprehensive insurance coverage for various properties, ensuring protection against diverse risks. Moreover, they hope that it can enhance customer confidence by combining insurance expertise with banking services, catering to the needs of property owners and businesses seeking reliable insurance solutions.
- ACPI has also partnered with PT Bank IBK Indonesia Tbk (AGRS) to provide Property All Risk insurance, covering various assets like buildings, furniture, equipment and stock. This collaboration aims to offer insurance products through the bank's branches, ensuring coverage for sudden physical damages over a 12-month period, extendable upon agreement.
- Sompo Insurance and PT Bank Mayapada International, Tbk (Bank Mayapada) have introduced six insurance products: Fire, Property, Earthquake, Motor Vehicle, Healthcare+, and Worldcare insurance. These products are designed to protect business owners and individuals from various financial risks and safeguard their assets. Bank Mayapada customers can easily secure their business and personal properties against risks like fire, earthquakes, physical damage and robbery. They can also protect their vehicles with Motor Vehicle insurance. Sompo Insurance offers flexible Healthcare+ plans tailored specifically for business owners, covering their health needs, and can be extendable to their employees, with a minimum requirement of three employees.

#### INSURTECH

- PT PasarPolis Indonesia (PasarPolis) has partnered with PT Electronic City Indonesia Tbk (ECII) and PT Arthagraha General Insurance (Arthagraha) to introduce ECI Protect, an electronic protection solution integrated into the shopping experience at Electronic City. The goal is to provide customers with a comprehensive, innovative and easily accessible digital insurance solution, enabling them to purchase their electronic products without worrying about potential risks. With premiums starting from IDR 30,000, customers can protect their electronic products against physical damage, liquid spills, theft and more.
- Igloo, a regional insurtech company, has launched pet insurance products specifically designed for cats and dogs, with premiums starting as low as IDR 73,000 per year. The insurance covers a range of benefits including reimbursement for medical expenses, accidental death, loss of pet and third-party compensation. This initiative aims to meet the growing demand for specialised insurance solutions in Indonesia's pet care sector.
- Igloo has also partnered with PT Tokopedia (Tokopedia) to introduce a range of new insurance products designed to offer protection for their consumers. The collaboration features gadget protection insurance, electronic protection insurance, and total loss protection insurance, all available at affordable prices. Gadget protection starts at IDR 48,300 for 12 months, electronic protection at IDR 14,334 for 12 months and TLO protection from IDR 500 for three to 12 months. This initiative aims to make insurance products easily accessible, simplify the claims process and provide ongoing support to users.

- Qoala has received a USD 47 million capital injection from one of the world's top financial companies, PayPal, through a Series C funding round. Qoala will use these funds to adopt artificial intelligence (AI) technology, specifically generative AI, to enhance its services for consumers. With this, Qoala has now accumulated a total investment of USD 130 million since its initial funding round in 2019.
- Yup, a fintech platform under PT Finture Tech Indonesia (Finture) has announced its collaboration with PT Pialang Asuransi Indotekno (Indotekno) and Fuse Insurtech to offer insurance products with affordable premiums. Its Personal Accident insurance product provides coverage of up to IDR 10 million with premiums starting from only IDR 5,000. Other products include Motor Vehicle, Travel, and Gadget insurance. This collaboration aims to increase insurance accessibility and affordability for Indonesian consumers, particularly targeting Millennials and Gen Z, who are comfortable with digital transactions. This approach also helps e-commerce platforms enhance customer loyalty by offering value-added services through insurance.

#### OTHER INSURER INITIATIVES

- Oona Insurance has launched an insurance e-commerce platform, MyOONA.id. This platform provides easy access to insurance products such as travel insurance, flight delays, and Motor Vehicle coverage. It is designed to offer a pleasant end-user experience with features like easy claim filing and policy purchasing, AI for its inspection process and access to various payment options, including flexible instalment plans.
- PT AXA Insurance Indonesia (AXA) and PT Smartfren Telecom Tbk (Smartfren) have partnered to support Indonesian micro, small and medium enterprises (MSMEs) via AXA's existing SmartBusiness insurance product. This product provides protection for Koin-Net assets through Moveable All Risks insurance by offering coverage against damage and theft. Additionally, it includes business interruption benefits and can be complemented with Fire, Lightning, Explosion, Impact of Falling Aircraft and Smoke (FLEXAS) insurance, which provides extra protection for business premises.
- PT Lippo General Insurance Tbk (LGI) has introduced new digital features on its eBenefit Health app. They include LGI Employee Assistance Program (EAP) for mental health support in partnership with Naluri.Life, and OP365, a 24-hour telemedicine service in collaboration with Good Doctor offering up to 365 consultations annually. In addition to the advantages, the platform offers features such as 24/7 care-line support for mental health and digital coaching, along with learning modules for personal development.
- PT Asuransi FPG Indonesia (FPG) has collaborated with PT Seleris Mediktekno International to introduce Seleris, an advanced underwriting solution that utilises facial biometric video technology and AI. This collaboration aims to improve the efficiency and effectiveness of underwriting processes while delivering a seamless experience for customers. FPG has also partnered with PT Heksa Solution Insurance (Heksa Life) to offer Credit Life insurance and Personal Accident Plus protection to consumer bank debtors.
- Jasindo has been reappointed by PT Telkom Satelit Indonesia (Telkomsat), a subsidiary of PT Telkom Indonesia (Persero), to insure its Satelit Merah Putih 2 through Launch and In Orbit insurance. The product offers comprehensive protection including coverage for TLO, Constructive Total Loss and Partial Loss. Additionally, Jasindo offers Pre-Launch insurance and Liability insurance, highlighting its commitment to protect assets and operations in the satellite industry.
- Jasindo has also offered "Mudik Bersama Jasindo 2024," a free program for the community, providing transportation to nine different routes from Jakarta. Participants in the program will receive free tickets, meals, merchandise and insurance coverage for accidents, house fires and home theft during their journey. Those not participating could still purchase the insurance products independently for their travels.
- Indonesia Financial Group (IFG) and PT Reasuransi Indonesia Utama (Indonesia Re) have collaborated to standardise data and information provision in both the general and life insurance industries. The objective of this collaboration is to strengthen risk analysis through ideal technical data (Chart of Account and Technical Master Library) and to support the industry's digital transformation.
- PT Asuransi Kredit Indonesia (Askrindo) and Perusahaan Umum Percetakan Uang Republik Indonesia (PERURI) have signed a cooperation agreement to secure PERURI's assets, including banknotes, through various insurance products. This collaboration targets protection against risks and bolstering customer trust amidst Indonesia's economic growth.
- PT Asuransi Umum Mega (Mega Insurance) has announced its plan to spin off its Syariah business in compliance with POJK Nomor 11 Tahun 2023. In preparation for the spin-off, the company has undertaken several initiatives to increase its capital, including expanding collaborations with Syariah banks and travel agents. Mega Insurance aims to secure the business license for the new Syariah entity by late 2025 or early 2026.

#### MERGERS AND ACQUISITIONS (M&A)

- PT Asuransi Jiwa IFG (IFG Life) has successfully acquired an 80% stake in PT Asuransi Jiwa Inhealth Indonesia (Mandiri Inhealth). This acquisition includes purchasing 60% shares from PT Bank Mandiri (Persero) Tbk, 10% from PT Kimia Farma Tbk and 10% from Indonesia Financial Group, establishing IFG Life as the largest life and health insurance provider in Indonesia.



## KEY APPOINTMENTS

- Asuransi Asei has appointed Agus Sulih Purwanto as Director of Operations and Business Development.
- FPG has appointed Moro W. Budhi as President Director.
- Oona Insurance has appointed Vincent C. Soegiarto as Chief Executive Officer (CEO).
- IFG, as the shareholders of Askrindo, have reappointed Encep Sudarwan as the Commissioner of Askrindo.
- PT Asuransi Tugu Pratama Indonesia Tbk (Tugu Insurance) has appointed Abdul Ghofar as President Commissioner, concurrently serving as an Independent Commissioner of the company.
- PT Asuransi Bakti Bhayangkara (ABB) has appointed Brigjen Pol (P) Rafli as its new President Director.

## REGULATORY UPDATES

- The government has issued a new regulation, Peraturan Presiden Nomor 59 Tahun 2024, which amends Peraturan Presiden Nomor 82 Tahun 2018 concerning the implementation of the Kelas Rawat Inap Standar (KRIS), a standardised inpatient class for all hospitals participating in the Jaminan Kesehatan Nasional (JKN) program managed by BPJS Health eliminating the existing BPJS Kesehatan contribution classes I, II and III. All hospitals collaborating with BPJS Kesehatan must fully implement KRIS by 30 June 2025. The KRIS standards for inpatient room facilities include requirements for bed completeness, air ventilation, lighting, room temperature control, bathrooms and more.
- Participants of BPJS Kesehatan are still able to upgrade their health services with a top-up option via Asuransi Kesehatan Tambahan (AKT) under the KRIS scheme. Supported by the Undang-Undang Nomor 40 Tahun 2004 Pasal 23, Undang-Undang Nomor 17 Tahun 2023, Peraturan Presiden Nomor 59 Tahun 2004 and Peraturan Menteri Kesehatan Nomor 3 Tahun 2023, this allows patients to use private medical insurance to cover additional fees. Outpatient services can also be upgraded with a maximum limit of IDR 400,000 and, for inpatient services, any rate differences for additional services will be covered by the AKT mechanism.
- OJK is planning to establish premium rates for EV insurance to foster industry growth and support the development of EV-specific insurance products. Currently, premium rates for EV insurance products are governed by SEOJK Nomor 6 Tahun 2017, which lists out the tariff rates for internal combustion engine (ICE) vehicles. OJK intends to enhance this regulation by taking into account the additional risks associated with EVs, such as battery components, high voltage hazards and potential system failures.
- OJK is in the process of drafting regulations for the Third-Party Liability (TPL) Compulsory Insurance Program, which is planned for implementation in 2025. OJK is currently awaiting the issuance of Peraturan Pemerintah to begin preparing implementation regulations. The compulsory insurance program aims to provide better financial protection for the community and boost the nation's economy.
- OJK has issued POJK Nomor 8 Tahun 2024 about insurance products and its distribution channel. This regulation aims to streamline procedures, enhance transparency and improve efficiency in the insurance sector. It includes requirements for insurers to submit clear and comprehensive documentation of product design, ensuring that products meet regulatory standards effectively. The goal is to facilitate easier access to insurance products for consumers while maintaining rigorous oversight and consumer protection measures.
- OJK has issued a regulation on naming insurance and Syariah insurance products under POJK Nomor 8 tahun 2024. Marketed insurance products must include the word "asuransi," "insurance," a similar word or one that reflects insurance activities. Syariah insurance products must use "asuransi Syariah," "Syariah insurance/Takaful," a similar word or one that reflects Syariah insurance activities. The name must clearly indicate it is an insurance product and must match the name reported to OJK. Microinsurance products must use the phrase "asuransi mikro" or a similar phrase. Insurance companies not complying with these regulations will receive a written notice from OJK to change their product names.



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