Country Profile

INDONESIA:

INSURANCE MARKET OVERVIEW

by Hussein Elsayed

Misr Insurance Company

Indonesian economy and, with it, the financial services sector, has experienced growth since 2015, spurring demand for a diverse portfolio of insurance products.
Life insurance is the country's dominant segment, accounting for nearly two-thirds of the sector, but demand for general insurance products has risen in recent years.

Growing interest has been driven by a number of factors, including successful education efforts by the public and private sector, leading to rising awareness of insurance products among different demographics. Prudent investment practices, the overall strength of the national economy and more robust reinsurance coverage has also led to a trend of increased uptake.

The Indonesian insurance market had total gross written premiums of $24.0bn in 2017, representing a compound annual growth rate (CAGR) of 20.1% between 2013 and 2017.

Consultancy firm KPMG forecasts that in the years to 2020 premiums will see compound annual growth rates of 13% in life insurance and 10% in property and casualty lines, reaching ID243trn ($18.32bn) and 81trn ($6.11bn), respectively. With wage levels increasing at just under double digit levels annually in recent years, demand for insurance has been strong, especially as the life insurance penetration level stands at 1.9% according to Swiss Re, which is extremely low.

Key Highlights

- **The OJK is the government regulatory body supervising and regulating the insurance industry of Indonesia.**
- **The government permits 80% FDI in the Indonesian insurance industry.**
- **The Insurance Law 1992 was replaced by the new Insurance Law 2014.**
- **The placement of non-admitted insurance is not permitted.**
- **Composite insurance is not permitted.**
- **Earthquake and volcanic eruption are ever-present hazards. Heavy flooding exposure is also present, particularly in Jakarta.**

(I) INDONESIAN ECONOMIC DATA

	2013	2014	2015	2016	2017
Population (million)	249	252	255	259	262
GDP per capita (USD)	3,672	3,532	3,369	3,605	3,876
GDP (USD bn)	914	891	861	933	1,015
Economic Growth (GDP, annual variation in %)	5.6	5.0	4.9	5.0	5.1
Consumption (annual variation in %)	5.4	5.1	5.0	5.0	4.9
Investment (annual variation in %)	5.0	4.4	5.0	4.5	6.2
Manufacturing (annual variation in %)	4.4	4.6	4.3	4.3	4.3
Retail Sales (annual variation in %)	12.9	14.5	13.3	11.0	2.9
Unemployment Rate	6.2	5.9	6.2	5.6	5.5
Fiscal Balance (% of GDP)	-2.2	-2.1	-2.6	-2.5	-2.6
Public Debt (% of GDP)	22.0	24.3	27.5	28.9	30.5
Money (annual variation in %)	12.8	11.9	9.0	10.0	8.3
Inflation Rate (CPI, annual variation in %, eop)	8.1	8.4	3.4	3.0	3.6
Inflation Rate (CPI, annual variation in %)	6.4	6.4	6.4	3.5	3.8
Inflation (WPI, annual variation in %)	-	-	-	-	-
Policy Interest Rate (%)	7.50	7.75	7.50	4.75	4.25
Stock Market (annual variation in %)	-1.0	22.3	-12.1	15.3	20.0
Exchange Rate (vs USD)	12,170	12,385	13,788	13,473	13,568
Exchange Rate (vs USD, aop)	10,449	11,866	13,392	13,302	13,383
Current Account (% of GDP)	-3.2	-3.1	-2.0	-1.8	-1.7
Current Account Balance (USD bn)	-29.1	-27.5	-17.5	-17.0	-17.5
Trade Balance (USD billion)	-4.1	-2.2	7.7	9.5	11.8
Exports (USD billion)	183	176	150	145	169
Imports (USD billion)	187	178	143	136	157
Exports (annual variation in %)	-3.9	-3.6	-14.6	-3.4	16.3
Imports (annual variation in %)	-2.6	-4.5	-19.9	-4.9	15.7
International Reserves (USD)	99.4	112	106	116	130
External Debt (% of GDP)	29.1	32.9	36.1	34.3	34.8

Sovereign Credit Ratings

	Rating (Outlook)	Rating Date
Moody's	Baa2 (Stable)	13/04/2018
S&P	BBB- (Stable)	19/05/2017
Fitch	BBB (Stable)	02/09/2018

100 = Lowest risk, 0 = Highest risk

Source:
Fitch Solutions Operational Risk Index
Date last reviewed: October 18, 2018

FitchSolutions

Country Risk Metrics

Country	Operational Risk	Labour Market Risk	Trade and Investment Risk	Logistics Risk	Crime and Security Risk
Singapore	83.1	77.8	89.9	74.9	89.7
Hong Kong	81.6	71.2	88.5	77.0	89.5
Taiwan	73.3	66.4	74.3	73.4	79.2
South Korea	70.9	63.5	67.5	79.6	73.1
Malaysia	67.8	61.6	73.5	75.7	60.5
Macau	62.8	64.2	66.9	52.0	68.0
Brunei	61.4	62.8	57.2	55.0	70.6
Thailand	58.9	56.7	65.2	68.4	45.2
China	56.7	53.9	52.2	66.3	54.4
Vietnam	53.7	52.6	55.5	55.6	51.3
Indonesia	**52.6**	**51.5**	**53.9**	**56.8**	**48.4**
Mongolia	51.3	57.8	52.4	40.9	54.1
Philippines	43.1	51.3	47.3	42.4	31.3
Cambodia	42.5	46.7	46.0	37.7	39.5
Laos	38.3	44.2	38.0	34.2	36.7
North Korea	33.1	49.6	20.3	31.5	30.8
Myanmar	32.1	45.5	28.2	30.0	24.9
Timor-Leste	30.1	40.5	26.6	21.0	32.5
Regional Averages	55.2	56.5	55.7	54.0	54.4
Emerging Markets Averages	46.8	48.0	47.5	45.7	46.0
Global Markets Averages	49.6	49.7	49.9	49.1	49.8

(II) INDONESIAN INSURANCE MARKET

Market Development

- Insurance in various forms has been available in Indonesia since the colonial period, when a number of leading Dutch firms operated in the country. In 1992 the government passed a legislative framework for the insurance industry through to the end of 2014, when the OJK introduced the new insurance law. The modern insurance sector developed rapidly beginning in the 1980s and 1990s, particularly following the 1997 Asian financial crisis and the restructuring of the country's financial sector in the early 2000s. Since 2006 both the life and non-life segments have seen rapid expansion.

- Until early 2013, the insurance sector was regulated by the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK), which fell under the jurisdiction of the Ministry of Finance. Bapepam-LK was also responsible for overseeing the nation's capital markets sector. In 2011 the government formally established the OJK, in an effort to consolidate and streamline the nation's financial regulatory framework. The new authority took over regulatory functions for the insurance industry in January 2013. Since then the OJK has been a decidedly more proactive regulator than its predecessor, introducing a significant number of major new initiatives and policies. In addition to the new insurance law, which was rolled out in 2014, the authority fixed tariff rates for a wide range of risks in 2015, including those related to motor coverage, property, aircraft and natural disasters. Other areas that have been impacted by new rules introduced by the OJK include bancassurance, reinsurance, fintech and Islamic insurance, among others.

- Perhaps the most comprehensive change introduced by the OJK is the New Insurance Law, which replaced Law No. 2 of 1992 as the backbone of the nation's insurance sector regulatory framework. The new law introduced a handful of major changes to the industry.

- For instance, in terms of ownership, the new law requires all insurers and insurance-related firms be owned either directly by an Indonesian individual or legal entity that is wholly owned (directly or indirectly) by an Indonesian individual. This rule precludes complex ownership structures, whereby a foreign entity or individual would establish an Indonesian holding company with which to purchase an insurer, thereby effectively enabling 100% foreign ownership. Most sector players have expressed optimism for these changes. Although regulations still need improvement, especially on issues surrounding clarity, there have been sustained efforts and obvious will from the regulator to enhance the framework.

- Furthermore, under the new rule a party may only be a controlling shareholder of one insurance firm in each of a number of categories, including general insurers, life insurers, reinsurers, and the sharia-compliant versions of each of these categories. This rule, which was enacted in an effort to combat monopoly ownership, could eventually lead to a round of mergers and acquisitions, which is a long-term goal of the OJK. Another key change in the new insurance law relates to Islamic insurance. Under the new law, sharia-compliant underwriters are required to be separated or spun off into standalone operators by 2024.

- As noted recently in a policy review on Indonesia issued by Practical Law, a Thomson-Reuters-affiliated legal publication, due to the new law, "an increase in restructurings of insurance and reinsurance companies is expected, particularly to meet the requirements on local shareholding, the single-presence policy and separation of sharia units". More broadly, the 2014 law organised the sector into two major components, namely the insurance business itself, which includes insurance and reinsurance companies (both conventional and sharia-compliant) brokerage firms, and loss adjusters; and other insurance-related businesses, which includes actuary consultants, public accountants, appraisers and other related professions. "The new insurance law does not present any real challenges to the industry, and will probably strengthen it over the long term.

Regulatory Framework

➢ SUPERVISORY AUTHORITY:

The Financial Services Authority **(*Otoritas Jasa Keuangan* "OJK")** supervises all financial institutions. The government act to establish the OJK was signed by parliament on 27 October 2011 and enacted as Law No 21 of 2011 on the Financial Services Authority.
www.ojk.go.id/en/Default.aspx

OTORITAS JASA KEUANGAN

➢ INSURANCE LAW:

Law No. 40 of 2014 on Insurance which was enacted on October 17, 2014 is the principal legislation relating to insurance business (Insurance Law).

➢ INSURANCE ASSOCIATION:

The insurance association (Dewan Asuransi Indonesia - DAI) represents the interests of life and non-life insurance companies. The association was established in 1957 and acts as the interface between insurers, government and the public. It also acts in partnership with the regulator in its day-to-day supervision of the insurance market.

DAI consists of the following associations:

- Indonesian Life Insurance Association - Asosiasi Asuransi Jiwa Indonesia (AAJI)
- General Insurance Association of Indonesia - Asosiasi Asuransi Umum Indonesia (AAUI)
- Indonesian Social Insurance Association - Asosiasi Asuransi Jaminan Sosial Indonesia (AAJSI)
- Islamic Insurance Association of Indonesia - Asosiasi Asuransi Syariah Indonesia (AASI).

Insurance companies are members of one or other of the associations, each of which is a member of DAI.

DAI
Dewan Asuransi Indonesia
(Insurance Council of Indonesia)

➢ COMPULSORY INSURANCES:

- Fund for road, rail, sea and air transport passengers - State Social Insurance Scheme.
- Professional indemnity insurance for insurance and reinsurance brokers.
- Work injury (state scheme).
- Liability insurance for licensed drones.
- Shipowners' liability for marine oil pollution (a financial guarantee or insurance).

➢ STATUTORY TARIFFS:

There are statutory tariffs and conditions in respect of property (including business interruption) insurance and motor vehicle insurance. On 26 January 2017 the regulator published Circular No 6/SEOJK.05/2017 introducing revised property and motor insurance tariffs, effective from 1 April 2017.

➢ POOLS:

<u>Indonesia has a number of pools, which are described below.</u>

- Priority property quota share of 2.5% managed by Reasuransi Internasional Indonesia (ReINDO) now part of Indonesia Re.
- Property Pool (Konsorsium Asuransi Risiko Khusus-KARK) for pasars (markets). The pool handles property risks in respect of markets, which were and still are considered by insurers and reinsurers to be undesirable risks, and which were at the time of establishment of KARK prone to very heavy loss experience.
- Pool for Custom Bonds (Pool Kerjasama Custom Bond Indonesia - Pool KCBI)
- Oil and Gas Pool (Konsorsium Pengembangan Industri Asuransi Indonesia - Migas - KPIAI). This pool had 7 members in 2016.
- Terrorism Pool. This pool has nearly 50 pool members.
- Crop Pool for standing timber - little or no activity.

➢ FOREIGN OWNERSHIP & FDI RESTRICTIONS

A decision related to foreign ownership of insurance companies is yet to be taken: currently the maximum limit is 80%: majority opinion in the market is that it is likely to be retained. It was proposed in early 2016 that the foreign ownership limit would be reduced to 30 per cent.

Government Regulation No. 14 of 2018 provides a grandfathering clause for an insurance company exceeding the current 80% limit of foreign ownership at the time of the enactment of this regulation. However, if the insurance company increases its paid up capital, it must comply with the 80% limitation.

Subsidiary/branch

Branches of foreign insurers are not permitted. Only an Indonesian incorporated legal entity can apply for a licence to engage in business as an insurer.

Control approvals

Any transfer of shares in an insurance company requires approval from the OJK.

All key parties must pass the OJK "fit and proper" test before being appointed or acquiring shares. Key parties include controlling shareholders, controllers, members of the Board of Directors, Board of Commissioners, Sharia Supervisory Board, the Internal Auditor and the Company's Actuaries.

A controlling shareholder is a shareholder (a legal entity, a person and/or a group of businesses that holds either 25 per cent or more interest in the company, or less than 25 per cent but can be proven to have control over the company, either directly or indirectly.

A "controller" is a party which directly or indirectly has power to nominate members of the Board of Directors and the Board of Commissioners and/ or can influence the decisions of the Board of Directors and the Board of Commissioners (including a controlling shareholder, a shareholder which is determined by the company to be a controller, and/or a non-shareholder which is determined by OJK to be a "controller").

An insurance company must have at least one controlling shareholder determined by the general meeting of shareholders, who will require approval for ceasing to be a controller from the OJK.

A party (other than the Indonesian Government) may only be a controlling shareholder in one life insurance company, general insurance company, reinsurance company, sharia life insurance company, sharia general insurance company or sharia reinsurance company. Controlling shareholders have three years to comply with this requirement under the Insurance Law.

Capital Requirement

OJK has set higher minimum paid-up capital requirements for an establishment of insurance company, as follows

Insurer	**IDR 150 billion**
Sharia insurer	**IDR 100 billion**
Reinsurer	**IDR 300 billion**
Sharia reinsurer	**IDR 175 billion**

IDR 14,338.89= US$1 as at January 1, 2019

The above changes are based on OJK Regulation No. 67/POJK.05/2016 on the Business Licensing andOrganization of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies and Sharia Reinsurance Companies which was enacted in late December 2016.

Solvency Margins

- In December 2016 the regulator issued several implementing regulations for Law No 40/2014, including OJK Regulation No 71/POJK.05/2016, on the Financial Soundness of Insurance and Reinsurance Companies. The regulation restates the previous rules on solvency margins: insurance companies must set an annual solvency target of 120% of the minimum risk-based capital (RBC) and the solvency margin must be at all times at least 100% of the minimum RBC (known as MMBR).
- The regulation took effect on 28 December 2016 and was subsequently amplified by guidelines published under Circular 24/SEOJK.05/2017 (in respect of conventional insurers and reinsurers) and Circular 25/SEOJK.O5/2017 (in respect of sharia insurers and reinsurers).
- Computation of the RBC formula is based on a series of complex calculations which take into account a number of factors, which include:
  - Asset default risk
  - Cash-flow mismatch
  - Risk of deterioration in anticipated loss experience
  - Reinsurance risk
  - Risk of insufficient premium due to investment results.

- All risk factors are allocated loadings (charges) or discounts, depending on their likely effect on the company, in order to arrive at the final ratio.
- Where a company fails to meet the MMBR requirement it must submit a financial restructuring plan to the regulator and is prohibited from paying dividends to shareholders. Where MMBR falls below 40%, a company shall receive a final warning.
- The same requirements apply to reinsurers. Circular 25/SEOJK.O5/2017
- Circular 25/SEOJK.O5/2017 contains guidelines relating to the calculation of minimum risk-based tabarru funds and tauhid funds and minimum risk-based capital for sharia insurers and reinsurers. The minimum risk-based tabarru fund is known as the DTMBR.

Reserve Requirements

- Circular 27/SEOJK.O5/2017, issued in conjunction with OJK Regulation 71/POJK.05/2016, provides guidelines for the calculation of technical reserves in respect of conventional insurers and reinsurers and Circular 28/SEOJK.05/2017, issued in conjunction with OJK Regulation 72/POJK.05/2016 provides guidelines for the calculation of technical reserves in respect of sharia insurers and reinsurers.

- Circular 27/SEOJK.O5/2017 specifies primary technical reserves for conventional insurers and reinsurers as unearned premium reserves, claims reserves and catastrophe reserves. Claims reserves include known outstanding loss reserves, IBNR reserves and reserves for claims payments which have been approved but which have not been paid at the date of valuation. The scope for permitted catastrophe reserves depends on the adequacy of catastrophe reinsurance that has been arranged. Calculation details for all reserves are appended to Circular 27/SEOJK.O5/2017.

- Circular 28/SEOJK.05/2017 specifies primary technical reserves for sharia insurers and reinsurers as unearned contribution tabarru and tanahud funds which have not yet become revenue, claims provisions and permitted catastrophe reserves. Calculation details for all reserves are appended to Circular 28/SEOJK.05/2017.

➢ Policyholder protection

Each insurance company must form its own protection fund to serve as a "last resort" to protect the interests of its policyholders.

The protection fund must constitute at least 20 per cent of the insurer's own equity, which must be adjusted to the development of the insurance company's business volume. The funds representing the protection fund must be deposited with a bank. The Insurance Law mandates that the protection fund will be replaced by a policy assurance program by October 2017.

However, as at the date of writing, the policy assurance program has not yet been launched. Once this program comes into effect, the protection fund requirement will no longer apply and all insurance companies must be a member of the program.

All insurance companies must also be a member of a mediation institution for resolving disputes between insurance companies and their policyholders.

The Insurance Law gives policyholders preferential rights in liquidation ahead of secured and unsecured creditors, but behind preferred creditors (as well as tax liabilities and employee compensation).

OJK Regulation No. 1 of 2013 gives a policyholder the right to report a complaint to the OJK over a dispute between an insurance company and the policyholder and/or an alleged violation of the financial laws and regulations. Insurance companies must implement an annual customer and/or public education program to promote financial (insurance) literacy.

➢ Portfolio transfers

The consent of the OJK is required. If the transfer involves all portfolios, the shareholders of the transferor must submit an application to OJK for the return of its insurance business licence after the transfer has been completed.

The policyholders must be informed of the transfer in writing. Announcements in national circulated newspapers must also be made by the transferor.

Any policyholders may submit their objections to the transfer within one month from the announcement date. If there is any objection to the transfer, the transferor must return all entitlements of the policyholders and the insurance protection will cease.
A report to the OJK on the result of the transfer must be submitted by the transferor upon completion of the transfer.

➢ REINSURANCE

- In general Indonesian insurance companies (from the largest to the smallest) have significant reinsurance needs, especially considering the acute natural catastrophe hazards present in the country.

- Insurance companies are required to cede 2.5% to Reasuransi International Indonesia (ReINDO, now part of Indonesia Re) on all property risks, under the government central statistics department (BPPDAN) scheme, which ReINDO in turn retrocedes to participating insurance companies after deducting its own retention.
- Domestic reinsurers are not allowed to write any direct insurance business and are thought to have little or no involvement in alternative risk transfer (ART).
- Regulation No 14/POJK.05/2015 and Circular Letter No 31/SEOJK.05/2015 which were issued by the regulator in November 2015 and came into effect on 1 January 2016 set out new requirements regarding own retention limits, priority cessions to domestic reinsurers and reporting of reinsurance/retrocession.
- The regulator has confirmed that, in the context of OJK Regulation No 14/POJK.05/2015 foreign reinsurance brokers are allowed to continue to work directly with Indonesian insurance and reinsurance ceding companies.
- Pure fronting is not permitted without specific permission from the regulator to waive the requirements regarding own retention limits, priority cessions to domestic reinsurers and reporting of reinsurance/retrocession contained in Regulation No 14/POJK.05/2015 and Circular Letter No 31/SEOJK.05/2015.
- Indonesia is exposed to a number of catastrophic perils such as earthquake and volcanic eruption, flood and riot, strike and malicious damage.
  Circulars SE 6087/LK/2001 of 28 December 2001 and SE 1505/LK 2002 issued by the Ministry of Finance established an earthquake pool which commenced on 1 January 2003. The pool was subsequently transformed into a public liability company, Asuransi Maipark, and a compulsory cession was introduced. The current compulsory earthquake cession is 25% of the total sum insured subject to a maximum of IDR 60bn (USD 44.96mn) any one risk. A compulsory earthquake tariff applies.

➢ OUTSOURCING

Except for underwriting, actuarial and claim settlement functions, insurance companies may outsource their functions to third party service providers which meet certain regulatory requirements (such as an Indonesian legal entity holding a valid business license which has no conflict of interest with the insurance company outsourcing the functions).

Any outsourcing to Foreign Service providers is only allowed for limited functions, which include product research, information system and other services which cannot be provided by Indonesian service providers. An outsourcing to Foreign Service providers must also be reported to the OJK 14 days prior to the engagement of the providers.

Insurance Market Performance and Statistics

- According to latest information available from the regulator there were 78 non-life companies in the market in 2015.
- The OJK reported 54 licensed life insurance companies as of August 2017 an increase of 4 since previously reported in December 2015. There were a further 30 sharia licensees, 23 of which were life company sharia units with a further 7 specialist sharia providers.
- The OJK reported 6 registered domestic reinsurance companies as of March 2018

Total Premiums	2013	2014	2015	2016	2017
Total Direct Premiums (US$ m)	15453	15699	16303	19105	23960
Real Premium Growth (%) inflation-adjusted	0.6%	8.6%	10.4%	12.4%	21.5%
Penetration (% of GDP)	1.7%	1.8%	1.9%	2%	2.4%
Density (per capita in US$)	61	61	63	73	91
Share of Total World Premiums (%)	0.40%	0.32%	0.33%	0.42%	0.49%
Global Ranking (WP)	31	36	33	28	28
Global Ranking (Penetration)	58	68	68	60	55
Global Ranking (Density)	75	74	74	71	71

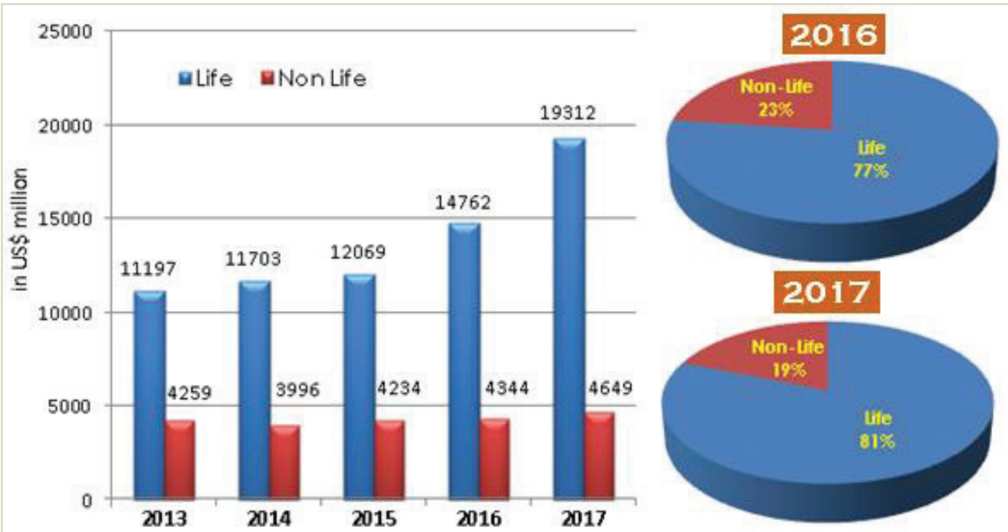
Life Premiums	2013	2014	2015	2016	2017
Life Direct Premiums (US$ m)	11197	11703	12069	14762	19312
Share of Country Total Premiums (%)	72%	75%	74%	77%	81%
Real Premium Growth (%) inflation-adjusted	-2.5%	11.3%	9.6%	17.3%	26.7%
Life Penetration (% of GDP)	1.2%	1.3%	1.4%	1.6%	1.9%
Life Density (per capita in US$)	44	46	47	56	73
Global Ranking (WP)	27	31	29	26	24

Non-Life Premiums *	2013	2014	2015	2016	2017
Non-Life Direct Premiums (US$ m)	4254	3996	4234	4344	4649
Share of Country Total Premiums (%)	28%	25%	26%	23%	19%
Real Premium Growth (%) inflation-adjusted	9.7%	0.3%	12.6%	-1.6%	3.7%
Non-Life Penetration (% of GDP)	0.5%	0.4%	0.5%	0.5%	0.5%
Non-Life Density (per capita in US$)	17	16	16	17	18
Global Ranking (WP)	42	41	43	-	42

* *Include PA&H Insurance*

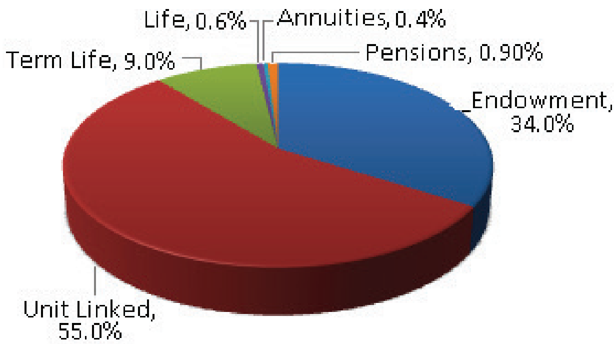
Source: Swissre Sigma Explorer

Market Premium (Life & Non-Life)



LIFE BUSINESS:

Breakdown of Life by Line of Business 2017



Distribution Channels

Life Business	2014	2015	2016
Agent	48%	45%	41%
Bancassurance	31%	33%	40%
Other *	20%	23%	19%

* Includes direct marketing, microinsurance and sales through independent agents.

Market Concentration

	2014	2015	2016
Top 5 companies	52.86%	46.85%	47.42%
Top 10 companies	76.61%	72.57%	71.55%

Top 10 Life Insurance Companies

Rank	Insurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Prudential Life Assurance	25,138,775.40	1,878.71	1.29%	14.53%	24,819,517.30
2	PT Asuransi Jiwasraya (Persero)	21,915,142.30	1,637.80	21.22%	12.67%	18,079,546.20
3	PT Asuransi Simas Jiwa	16,400,023.60	1,225.63	25.74%	9.48%	13,042,868.20
4	PT Asuransi Allianz Life Indonesia	11,231,741.90	839.39	11.19%	6.49%	10,101,253.60
5	PT Asuransi Jiwa Adisarana Wanaartha	10,466,354.60	782.19	69.09%	6.05%	6,189,791.50
6	PT AIA Financial	10,208,759.70	762.94	11.86%	5.90%	9,126,651.60
7	PT Indolife Pensiontama	10,118,623.60	756.20	6.66%	5.85%	9,486,432.30
8	PT AXA Mandiri Financial Services	8,501,171.80	635.32	(0.79)%	4.91%	8,569,080.30
9	PT BNI Life Insurance	5,710,686.10	426.78	20.35%	3.30%	4,745,215.10
10	PT Capital Life Indonesia	5,708,307.80	426.60	155.06%	3.30%	2,238,054.80

Total Assets

	2015	2016	2017
Total Assets (IDR mn)	354,219,625.00	424,151,851.00	512,947,824.20
Growth (%)	1.90%	19.74%	20.93%

Investments

	2015	2016	2017
Invested assets (IDR mn)	308,073,400.00	372,060,789.00	458,589,903.11
Net investment income (IDR mn)	(1,580,984.00)	31,408,853.00	47,758,422.39
Investment yield (%)	(0.51)%	8.44%	10.41%

Expense Ratios

	2015	2016	2017
Administrative expenses (%)	11.61%	9.94%	17.88%
Acquisition costs (%)	12.50%	10.15%	10.39%
Total (%)	24.10%	20.09%	28.26%

Profitability

	2015	2016	2017
Underwriting profit/loss (IDR mn)	11,961,104.00	(24,446,019.00)	(16,171,396.54)
% of net earned premium	11.57%	(15.92)%	(9.06)%
Pre-tax profit/loss (IDR mn)	13,503,706.00	10,793,854.00	13,080,848.94
% of net earned premium	13.06%	7.03%	7.33%

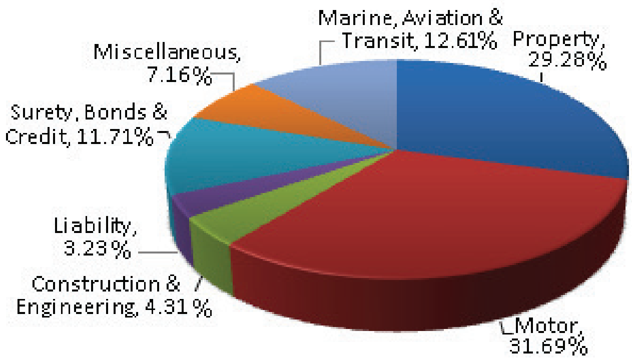
Retention Ratio

2015	2016	2017
96.87%	97.46%	97.39%

Source: AXCO Insurance Information Service

Non-Life Business:

Breakdown of Non-Life by Line of Business 2017



Distribution Channels

Non-Life Business			
	2014	2015	2016
Direct	24%	23%	22%
Broker	44%	45%	46%
Agent	21%	21%	21%
Bancassurance	10%	10%	10%
Internet	1%	1%	1%

Market Concentration

	2014	2015	2016
Top 5 companies	35.44	36.16	35.1%
Top 10 companies	54.13	54.51	52.1%

Top 10 Non-Life Insurance Companies

Rank	Insurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Asuransi Sinar Mas	5,747,009.00	429.49	9.69%	9.03%	5,239,511.00
2	PT AsuransiJasa Indonesia (Persero)	5,366,063.00	401.02	3.09%	8.43%	5,205,194.00
3	PT Asuransi Astra Buana	4,444,317.00	332.14	4.42%	6.98%	4,256,161.00
4	PT Asuransi Kredit Indonesia (Persero)	3,720,484.00	278.04	56.10%	5.85%	2,383,333.00
5	PT Asuransi Central Asia	2,794,914.00	208.87	(5.76)%	4.39%	2,965,791.00
6	PT Asuransi Bangun Askrida	2,745,840.00	205.21	16.26%	4.32%	2,361,767.00
7	PT Tugu Pratama Indonesia	2,399,401.00	179.32	(29.82)%	3.77%	3,418,898.00
8	PT Asuransi Wahana Tata	2,139,832.00	159.92	7.55%	3.36%	1,989,546.00
9	PT Asuransi Adira Dinamika	2,021,655.00	151.09	(1.99)%	3.18%	2,062,709.00
10	PT Sompo Insurance Indonesia	1,634,857.00	122.18	17.21%	2.57%	1,394,842.00

Non-Life Loss Ratios 2015-2017 (%)

	2015	2016	2017
Property	44.96%	40.57%	38.53%
Motor	61.90%	62.01%	61.33%
Construction & Engineering	75.17%	70.08%	62.68%
Liability	3.56%	15.00%	7.94%
Surety, Bonds & Credit	52.47%	65.94%	56.88%
Miscellaneous	52.23%	36.63%	42.03%
Marine, Aviation & Transit	85.01%	59.46%	64.39%

Total Assets

	2014	2015	2016
Total Assets (IDR mn)	113,171,346.00	120,213,666.00	124,437,393.87
Growth (%)	15.62%	6.22%	3.51%

Technical Reserves

	2014	2015	2016
Technical Reserves (IDR mn)	51,711,222.00	54,763,336.00	52,945,801.84
% of gross written premium	103.09%	98.79%	99.41%

Expense Ratios
Total non-life market

2014	2015	2016
32.23%	33.59%	NA

		2014	2015	2016
Profitability	Underwriting profit/loss (IDR mn)	2,060,141.00	2,095,959.00	1,644,005.51
	% of net earned premium	6.97%	6.26%	5.63%
	Pre-tax profit/loss (IDR mn)	6,387,197.00	7,502,829.00	5,480,792.64
	% of net earned premium	21.60%	22.41%	18.77%

	2014	2015	2016
Retention Ratio	59.05%	59.58%	NA

Source: AXCO Insurance Information Service

Reinsurance Business:

- The domestic reinsurers cannot write direct insurance business.
- Indonesia is not a major market for inwards international reinsurance acceptance.
- In April 2017, the compulsory earthquake cession to Asuransi Maipark was increased from 15% to 25% of the total sum insured subject to a maximum of IDR 60bn (USD 44.96mn) any one risk (defined as the total sum insured of all risks at the same location for each insurance company).

- *The OJK reported 6 registered domestic reinsurance companies as of March 2018*
  - Reassurance Company of Indonesia (PT Maskapai Reasuransi Indonesia Tbk - Marein)
  - PT Reasuransi Indonesia Utama (Persero) (Indonesia Re)
  - PT Reasuransi Maipark Indonesia
  - PT Reasuransi Nasional Indonesia
  - PT Reasuransi Nusantara Mukmur
  - PT Tugu Reasuransi Indonesia (Tugu Re).
  - The state-owned PT Reasuransi Indonesia Utama (Persero) relaunched in October 2016 following merged operations with the state credit agency, Asei Re and PT Reasuransi Internasional Indonesia (ReINDO).
  - A further merger with PT Reasuransi Nasional Indonesia (Nasional Re) was anticipated in 2017 but no further progress was reported at the time this report was in preparation.
  - Marein is a private company joined from January 2018 by PT Reasuransi Nusantara Mukmur, established by the Indonesian conglomerate Sinarmas Group.
  - Maipark is a catastrophe risk specialist with share ownership between non-life insurers. The other reinsurers are state-controlled.
  - Nasional Re is owned by Askrindo, which is owned by the Ministry of Finance and Bank Indonesia.
  - Tugu-Re is majority-owned by Pertamina, the state-owned oil company, via subsidiary Tugu Pratama (37.67%) and its pension scheme (13.92%). The company provides life and non-life conventional reinsurance.

The ranking of non-life reinsurers in 2015 *(prior to the merger concluded between Indonesia Re and PT Reasuransi Umum, the holding company of Reasuransi Internasional Indonesia)* is shown below

Rank	Reinsurance Companies	Written Premiums		Growth	Market Share	Written Premiums
		2017	2017	IDR		2016
		IDR mn	USD mn	%	%	IDR mn
1	PT Reasuransi Nasional Indonesia	5,613,402.00	419.51	15.10%	34.28%	4,876,871.00
2	PT Reasuransi Indonesia Utama	5,392,500.00	403.00	73.15%	32.94%	3,114,350.00
3	PT Tugu Reasuransi Indonesia	3,007,567.00	224.77	33.21%	18.37%	2,257,767.00
4	PT Maskapai Reasuransi Indonesia	1,805,139.00	134.90	24.39%	11.03%	1,451,202.00
5	PT Reasuransi Maipark Indonesia	300,643.00	22.47	19.20%	1.84%	252,218.00
6	PT Reasuransi Nusantara Makmur	253,524.00	18.95	NA	1.55%	NA
	MARKET TOTAL	**16,372,775.00**	**1,223.60**	**36.98%**	**100.00%**	**11,952,408.00**

Source: AXCO Insurance Information Service

AM Best's Credit Ratings

AMB#	Name	Ultimate Parent	ICR	Outlook/ Implication	FSR	Outlook/ Implication
078591	PT Asuransi Jasa Indonesia (Persero)	PT Asuransi Jasa Indonesia (Persero)	bbb+	Stable	B++	Stable
091075	PT Asuransi Samsung Tugu	Samsung Fire & Marine Insurance Co, Ltd	a-	Stable	A-	Stable
086731	PT Asuransi Tokio Marine Indonesia	Tokio Marine Holdings, Inc.	a-	Stable	A-	Stable
086732	PT Asuransi Tugu Pratama Indonesia, Tbk	PT Pertamina (Persero)	a-	Negative	A-	Negative

Source: AM Best – February 2019