

**PRESS RELEASE****THE LAUNCH OF INDONESIA INSURANCE INDUSTRY DEVELOPMENT  
AND STRENGTHENING ROADMAP 2023-2027**

Jakarta, October 23, 2023. Indonesia Financial Services Authority (OJK) officially launches Indonesia's Insurance Industry Development and Strengthening Roadmap 2023-2027, with the theme "Restoring Confidence through Industrial Reform".

The roadmap is expected to become the guidelines for OJK, association, and the insurance industry in strategizing development and strengthening for the next five years. The This roadmap launch is one of OJK's reformation initiative to increase public's level of confidence of the national insurance sector.

Chairman of the Board of Commissioners of OJK, Mahendra Siregar in his opening remarks during the launch of Indonesia Insurance Industry Development and Strengthening Roadmap 2023-2027 in Jakarta, states that the launching of the roadmap may become the first step to restore and increase public trust in the insurance industry.

"Synergy and collaboration are needed to support the growth of the insurance industry, including the implementation of this roadmap. The next step will be the formation of task force to execute the roadmap, in which the members will include OJK, insurance associations and industry. The task force performance will be reported to the public and all stakeholders to restore and increase public trust toward the insurance industry," Mahendra explained.

The spirit embedded in this roadmap aligns with OJK's determination to develop sound, efficient, high-integrity industry as well as to enhance consumer and public protection for market deepening, inclusion improvement, and financial sector stability as drawn up in the OJK Destination Statement 2022-2027.

During the event, Chief Executive of the Insurance, Guarantee Institutions, and Pension Fund Supervision of OJK, Ogi Prastomiyono also conveyed that OJK initiated Industrial Reform through this roadmap along with all insurance sector stakeholders, in order to gain the sense of ownership in carrying out the roadmap's commitment jointly.

In its preparation, the Indonesia Insurance Industry Development and Strengthening Roadmap 2023-2027 has undergone several stages and discussion with various related stakeholders to fulfil development and strengthening needs from regulators, the industry, policy holders, and all individuals in the insurance.

**Challenges of the Insurance Sector**

The Indonesia Insurance Industry Development and Strengthening Roadmap 2023-2027 will respond address to several strategic issues and challenges in Indonesia insurance sector.

Based on the data from OJK, in the industry perspective, the penetration rate of insurance in Indonesia in 2022 is still relatively low compared to peer countries in ASEAN, namely at 2.27 percent. In line with this, the insurance density rate also has not reached an optimum level, reaching only Rp1,923,380 per citizen at the end of 2022. The target in the last period of the roadmap in 2027 expects to see 3,2 percent penetration rate of insurance in Indonesia and insurance density rate of Rp2,400,000 per citizen.

From the consumer's perspective, based on the National Survey on Financial Literacy and Inclusion carried out by OJK, the literacy and inclusion on the insurance sector is still below other financial services institutions. Additionally, there is a rate gap between the literacy and

inclusion in the insurance sector in 2022, where the literacy rate is at 31.7 percent and the inclusion rate at 16.6 percent.

This indicates that there are certain factors for the public's interest loss of insurance, despite some people understanding the benefits of insurance product to manage individual risks and business risks.

Apart from that, the insurance industry too still faces several strategic issues, including capital support for insurance companies, resolution of troubled insurance companies, digitization for more effective and efficient insurance business process, and insurance company services scope.

### **Restoring Confidence through Industrial Reform**

Through the launching of this roadmap, OJK and all stakeholders aim to respond all strategic issues to create a healthy and credible insurance sector, therefore allowing the sector to sustainably grow and develop.

Industrial reform to increase public's level of confidence through the Roadmap for the Development and Strengthening of the Indonesia Insurance Industry 2023-2027 with the four pillars of development and strengthening principles:

1. Strengthening resilience and competitiveness;
2. Developing key elements in the insurance sector ecosystem;
3. Accelerating digital transformation; and
4. Reinforcing regulation, supervision, and licensing.

The four pillars will be implemented in three different phases throughout 2023 to 2027, beginning with the strengthening of the foundation, followed by consolidation and creating momentum, and then alignment and growth.

Several strategic programs within the three implementation phases are:

1. Governance, risk, and compliance (GRC) strengthening;
2. Insurance and reinsurance companies' institution strengthening through capital enhancement, digital technology utilization, and PSAK 17 implementation;
3. Classifying insurance companies based on equity into two groups (insurance companies grouping) including forming Insurance Company Business Groups (KUPA);
4. Market deepening through compulsory insurance, micro insurance, parametric insurance, et cetera;
5. Preparing regulation based on international research and standard; and
6. Implementing national consumer literacy and protection strengthening strategic.

All parties involved in the roadmap preparation has made joint commitment to implement all strategic program in the insurance development and strengthening roadmap to create a sound, efficient, high-integrity insurance industry, to enforce consumers and public protection, as well as to support the growth of national economy.

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For more information:

Head of Literacy, Financial Inclusion and Communication Department - Aman Santosa;  
Tel. (021) 29600000; E-mail: [humas@ojk.go.id](mailto:humas@ojk.go.id)