

## **Indonesia Life & Non-Life Insurance - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029**

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### **Report description:**

The Indonesia Life & Non-Life Insurance Market size in terms of direct written premiums value is expected to grow from USD 23.31 billion in 2024 to USD 34.65 billion by 2029, at a CAGR of 8.24% during the forecast period (2024-2029).

Indonesia's life and non-life insurance market is well-expanded and strengthened by solid capitalization, supporting a stable outlook assigned to the segment. The gross premium created (GPW) for credit insurance, the market's third-largest business line, increased by 86.2% to IDR 5.7 billion in 2020. Property insurance, the biggest business segment, also posted solid GPW growth of 9.7% to IDR 20.9 trillion. However, motor insurance GPW recorded quiet growth of 0.3%. Improved underwriting discipline continued rate rises, lower catastrophe risks, and an improving commercial and personal auto market in the first half of 2020.

Furthermore, these factors have led to strong underwriting success in the Indonesian property and casualty insurance industry. Indonesia's insurance sector produces less than 1% of the country's gross domestic product (GDP). Its penetration and density rates are below the standard for the region. With gross insurance premiums at 1.99% of GDP versus 3.9% on average for Emerging Asia and insurance density to the tune of USD 82 per capita versus USD 207 for Emerging Asia, the industry has a lot of room for development. Some 152 insurance companies and 227 insurance intermediaries operating in the country, according to data from March 2022. Life insurance is the biggest segment, earning 40% of total gross insurance premiums in 2020. Next comes social insurance with a 39% share and non-life insurance and reinsurance with 19% of the total. Mandatory insurance accounted for 2.6% of overall premiums. Gross contributions from Sharia insurance were equivalent to 3.2% of total insurance income.

The InsurTech sector has seen much technological and investment growth over the past few years. Traditional insurance business lines, such as health, auto, and commercial, are being revolutionized by new digital-centric start-ups. New technologies, such as AI and IoT, have been re-architecting insurance data, the basis of the insurance industry.

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## Indonesia Life & Non-Life Insurance Market Trends

### Increase in Economic Growth and GDP per capita

Executives have argued that the insurance sector tends to benefit disproportionately from economic expansion. If the development of the economy is 5.8-5.9%, then the insurance market should grow at 15%. Growth in the insurance market is greater than the growth of many other industries.'

Overall insurance penetration in the country of 264 million people ranks among the lowest possible in the world at less than 2% (4.5 million Indonesians carry a policy). Half of Indonesia's population is under the age of 30, with the number of millennials (aged 17-35) in Indonesia presently at 79.5 million. Outlook for the Indonesian insurance sector, both the life and non-life segments were balanced, with companies showing steady growth, strong margins, and adequate reinsurance protection. Additionally, the outlook claimed that risks in terms of assets owned were within an acceptable range and the sector was well regulated.

GDP per capita is a size often used to determine economic growth and potential productivity increases. It is calculated by taking the GDP and splitting it by the total population of the country. GDP per capita is a very crucial indicator of the economic strength of a country, and a positive change is an indicator of economic growth. The per capita income of Indonesia raised in recent years and is expected to increase further. The insurance density per capita in Indonesia is rising year by year with the changing living standards and surging disposable income of the population. The insurance density is expected to increase by more than 5% in the forecast period.

### Lucrative Prospects in the Insurance Landscape Owing to Lower Density of Life and Non-Life Insurance Per Capita

In comparison to wealthy and growing economies, the insurance industry in Indonesia is drifting. The primary performance measures for the insurance sector, insurance penetration, and density are very low in Indonesia. Furthermore, there is a substantial disparity between insurance coverage and value, underscoring the high-risk nature of the nation. Insurance penetration (calculated as the ratio of the insurance premium paid and the country's GDP) increased from about 5% in 2020 to 7-10% in 2021 in Indonesia because these crucial parameters are growing at a stagnant growth rate.

Although this is an important improvement, the penetration levels in the rest of the globe (6.13%) and the developing Asian economies (5.62%) are higher. The insurance industry has shown a constant rise in insurance penetration year over year, and future growth is anticipated.

### Indonesia Life & Non-Life Insurance Industry Overview

The Indonesian life and non-insurance market is semi-consolidated. The market is led by some local and international players in the market. The market is economical, as the demand for life and non-life insurance highly increased post-COVID-19 pandemic due to increased awareness among people for insurance.

Some of the leading players in the market are Great Eastern Life Indonesia PT, GlobalSurance PT, ASURANSI RELIANCE INDONESIA, Asuransi Jasindo KC Bandar Lampung, and PT KB Insurance Indonesia. The market is expected to grow during the forecast period due to the growing adoption of Insurtech in the sector, with several merger and acquisition activities and other factors. The increasing number of digital distribution channels is also favoring the insurers to easily obtain insurance policies. Insurtech, messaging platforms, and online sales channels are promoting the insurance landscape in the country.

Through different distribution channels, insurance companies in Indonesia are offering a wide variety of products with varying

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levels of complexity that are designed for different groups of businesses, individuals, and other organizations. This will offer ways to meet the emerging demands of every end-use customer and propel net sales.

Local market players in the country are focusing on marketing their competitive edge by rolling out more plans personalized to diverse sectors and developing more innovative digital features.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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