

**Indonesia Motor Insurance Market By Insurance Type (Third Party Liability, Comprehensive), By Distribution Channel (Agents/Broker, Bank, Online, Others), By Region, Competition, Forecast & Opportunities, 2020-2030F**

Market Report | 2025-01-24 | 82 pages | TechSci Research

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**Report description:**

The Indonesia Motor Insurance market was valued at USD 1.61 Billion in 2024 and is expected to grow to USD 1.98 Billion by 2030 with a CAGR of 5.98% during the forecast period. The Indonesia Motor Insurance market is primarily driven by increasing vehicle ownership, fueled by rising disposable incomes and growing urbanization. As more people purchase cars and motorcycles, the need for insurance coverage rises to protect against accidents, theft, and damage. Regulatory requirements also play a significant role, as the government has enforced mandatory third-party liability insurance for motor vehicles, further expanding the market. Also, the growing middle class is more aware of the importance of financial protection, leading to a shift towards comprehensive motor insurance policies. Advancements in digital platforms and telematics-based insurance are also boosting market accessibility and efficiency.

**Key Market Drivers**

**Rising Sales of Commercial Vehicles**

Rising sales of commercial vehicles are a key driver of growth in the Indonesia motor insurance market. As a part of this, according to a recent study, in Indonesia, the Commercial Vehicles market is expected to reach 193.20k vehicle units by 2025. The country's expanding economy, coupled with the growing demand for goods and services, has led to an increase in the number of commercial vehicles such as trucks, vans, and delivery vehicles. As businesses invest in these vehicles to support logistics, transportation, and service industries, the need for insurance coverage rises significantly. Commercial vehicles are exposed to higher risks due to their usage in more demanding conditions, making insurance a vital requirement for business owners. Also, government infrastructure projects and urbanization in Indonesia have contributed to the growing need for commercial vehicles. As cities expand and new industries emerge, more businesses require commercial transportation solutions, driving the demand for insurance policies that cover both vehicles and goods in transit. Insurance companies have responded by offering tailored commercial vehicle insurance products, providing coverage for a wide range of risks, including accident damage,

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third-party liabilities, theft, and natural disasters. This has further fueled the growth of the motor insurance market. As the number of commercial vehicles continues to rise, the demand for specialized insurance products will remain a driving force in the Indonesia motor insurance sector.

#### Surging Road Accidents Across the Region

Surging road accidents across Indonesia are a significant driver of the motor insurance market. As a part of this, according to a recent study, as of 2022, the number of fatalities in road traffic accidents in Indonesia was roughly 27.53 thousand, representing an increase over the previous year. During the period under consideration, the biggest number of fatalities occurred in 2017, with over 30,000 people killed in road accidents. With increasing vehicle ownership, especially in urban areas, the number of road accidents has also risen, contributing to a higher demand for motor insurance. The rapid growth in the number of motorcycles, cars, and commercial vehicles on the roads has led to higher traffic congestion and a greater likelihood of accidents. These accidents often result in severe damage to vehicles, injuries, and fatalities, prompting vehicle owners to seek financial protection through insurance.

The high accident rates have made it essential for both personal and commercial vehicle owners to secure comprehensive coverage that includes damage, medical expenses, and third-party liability. As a result, the demand for motor insurance has surged, with consumers opting for policies that provide adequate protection against the rising risks associated with road accidents. The rising number of accidents, combined with evolving consumer awareness and regulatory requirements, is expected to continue driving the growth of the motor insurance market in Indonesia, with insurers adapting their products to cater to a more risk-conscious population.

#### Rising Strategy Adopted by Major Players to Strengthen the Motor Insurance Sector

Rising strategies adopted by major players in the Indonesia motor insurance market are crucial in strengthening the sector amidst growing competition and demand. As a part of this, as of January 2024, Oona Insurance, Southeast Asia's largest digital general insurance platform with a strong presence in Indonesia, partnered with CamCom, a leading developer of Artificial Intelligence (AI) solutions. This collaboration is poised to transform the insurance industry by leveraging AI to streamline car damage assessment through advanced picture analysis, resulting in faster, more accurate, and transparent risk assessments for policy underwriting and claims evaluation. Leading insurers are increasingly focusing on digital transformation to enhance customer engagement and streamline operations. The adoption of digital platforms and mobile applications for policy management, claims processing, and premium payments has made insurance more accessible to a wider audience. This strategy caters to Indonesia's growing digital user base, especially in urban areas, making it easier for consumers to compare policies and choose coverage that suits their needs.

Also, partnerships with e-commerce platforms and automotive dealers are helping insurers reach potential customers early in the vehicle purchase process. Insurers are also leveraging telematics to offer usage-based insurance, where premiums are based on driving behaviour, helping to attract younger, tech-savvy consumers who seek more flexible pricing models. Through these strategies, major players in Indonesia's motor insurance market are strengthening their position by offering innovative, customer-centric solutions that align with changing market dynamics and evolving consumer preferences.

#### Key Market Challenges

##### Higher Premium Rates

Higher premium rates present a significant challenge in the Indonesia motor insurance market. The increasing frequency of road accidents, rising vehicle ownership, and higher claims costs are factors contributing to the surge in premiums. As the number of vehicles on the road grows, particularly in congested urban areas, the risk of accidents, theft, and property damage escalates, which forces insurers to raise premiums to cover these rising risks. This can make motor insurance unaffordable for some segments of the population, especially those with lower incomes or those living in rural areas where vehicle ownership is growing but insurance awareness is still limited.

Also, high premium rates can deter potential customers from purchasing comprehensive coverage or opting for the minimum required insurance, leaving them underinsured and at greater financial risk. For businesses, particularly small and medium-sized enterprises that rely on commercial vehicles, the rising cost of insurance may increase operational expenses, affecting their bottom line.

##### Lack of Awareness Among Consumers

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Lack of awareness among consumers remains a significant challenge in the Indonesia motor insurance market. Despite the rising vehicle ownership, a large portion of the population still lacks knowledge about the importance of motor insurance and the available coverage options. Many consumers view insurance as an unnecessary expense rather than a crucial safeguard, especially in rural areas where financial literacy and understanding of insurance products are lower. This lack of awareness leads to a lower penetration rate, with many drivers opting not to purchase insurance or only purchasing the minimal third-party liability insurance required by law. Also, misconceptions about the cost and complexity of insurance products contribute to consumer hesitancy. As a result, individuals often forgo comprehensive coverage, leaving themselves vulnerable to financial risks associated with accidents, theft, or damage. To address this challenge, insurers need to invest in educational campaigns to raise awareness about the value of motor insurance and the various options available. They can also utilize digital platforms and mobile apps to engage younger, tech-savvy consumers who are more likely to explore insurance solutions. Greater awareness and understanding of insurance can significantly expand the customer base and drive growth in the Indonesia motor insurance market.

#### Key Market Trends

##### Escalating Trend of Digital Platform

The escalating trend of digital platforms is transforming the Indonesia motor insurance market by enhancing accessibility, customer engagement, and operational efficiency. As internet penetration grows and mobile usage increases, more consumers are turning to digital channels to purchase and manage their motor insurance policies. Online platforms and mobile apps allow users to easily compare insurance options, get quotes, purchase policies, and file claims, all from the convenience of their smartphones. This trend is particularly attractive to the younger, tech-savvy population that seeks convenience and speed. Insurers are increasingly investing in digital technologies to streamline their processes, improve user experience, and reduce operational costs. For example, many companies are integrating artificial intelligence (AI) and machine learning algorithms to assess risk and price policies more accurately. Also, claims processing is becoming faster and more transparent using digital tools, improving customer satisfaction and reducing claim settlement time. Overall, the rise of digital platforms in the Indonesia motor insurance market is reshaping how insurance is purchased and managed, providing opportunities for insurers to expand their customer base and improve service offerings.

##### Surging Demand for Bundled Policies

The surging demand for bundled policies is a significant trend in the Indonesia motor insurance market. Consumers are increasingly seeking comprehensive coverage that combines various insurance products into a single package, often at a discounted rate. Bundled policies, which may include motor insurance alongside health, property, and life insurance, offer greater convenience and cost savings, making them attractive to both individual and corporate buyers. This trend is especially appealing to families and businesses with multiple vehicles, as bundling policies provides simplified management and often more affordable premiums.

Insurers are responding to this demand by creating tailored bundles that cater to specific needs, such as coverage for commercial vehicles, personal cars, or motorcycles. Also, bundling often provides added benefits like roadside assistance, vehicle repair services, and personal accident coverage, making it a comprehensive solution for consumers seeking extensive protection. The rise of e-commerce and digital platforms has also contributed to the popularity of bundled policies. Online channels make it easier for consumers to access and compare bundled offerings, leading to increased sales. Also, insurers are using data analytics to personalize bundled policy offerings, ensuring they are tailored to the specific needs and preferences of their customers. This growing trend is reshaping the landscape of motor insurance in Indonesia, providing a win-win for both insurers and consumers.

##### Surging Internet Usage

Surging internet usage is a key trend shaping the Indonesia motor insurance market. As a part of this, according to a recent study, the number of internet users in Indonesia is expected to grow steadily between 2024 and 2029, reaching 45.3 million (+21.33 percent). Following the sixteenth straight year of growth, the number of users is expected to reach 257.68 million, marking a new high in 2029. As internet penetration continues to rise, more consumers are turning to online platforms to purchase, manage, and renew their motor insurance policies. The convenience of browsing through various options, comparing prices, and making transactions from smartphones or computers has made digital platforms the preferred choice for many Indonesia consumers. This shift towards online channels is particularly strong among the younger, tech-savvy population who are accustomed to managing financial services through digital means.

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Insurers are adapting to this trend by investing in user-friendly websites, mobile apps, and digital tools that allow for easy policy management, claims tracking, and premium payments. Also, digital platforms enable insurers to offer instant quotes, personalized policy recommendations, and fast claims processing, significantly improving customer experience and satisfaction. The rise in internet usage has also led to a shift in how insurers market their products. Online marketing, social media campaigns, and digital ads have become essential for engaging potential customers and raising awareness about motor insurance options.

#### Segmental Insights

##### Distribution Channel Insights

Agents/Brokers dominated the Indonesia Motor Insurance market, due to their key role in educating consumers, offering personalized services, and helping navigate the complex insurance landscape. Many customers prefer working with agents or brokers who can provide tailored advice, compare various policy options, and assist with the claims process. This is particularly important in a market where many consumers are unfamiliar with insurance products or have limited knowledge of policy details. Agents and brokers also help insurers expand their reach, particularly in rural areas and smaller cities where digital penetration may still be lower.

##### Regional Insights

Western dominated the Indonesia Motor Insurance market, due to its high population density, economic activity, and vehicle ownership rates. As the capital city and the country's economic hub, Jakarta sees significant demand for both personal and commercial motor insurance. The region also has better infrastructure, leading to higher vehicle sales and more complex insurance needs. Also, the Western region's urbanization and rising disposable incomes contribute to greater awareness of the importance of motor insurance, driving higher market penetration and encouraging insurers to offer more customized policies.

##### Key Market Players

- PT Asuransi MSIG Indonesia
- PT Sampo Insurance Indonesia
- Insureka
- PT Zurich Asuransi Indonesia, Tbk
- Allianz SE
- Great Eastern Holdings Limited
- PT Asuransi Bina Dana Arta Tbk
- PT. Asuransi Sahabat Artha Proteksi (Sahabat Insurance)
- The Falcon Insurance Public Company Limited
- American International Group, Inc.

##### Report Scope:

In this report, the Indonesia Motor Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

##### □□ Indonesia Motor Insurance Market, By Insurance Type:

- o Third Party Liability
- o Comprehensive

##### □□ Indonesia Motor Insurance Market, By Distribution Channel:

- o Agents/Brokers
- o Bank
- o Online
- o Others

##### □□ Indonesia Motor Insurance Market, By Region:

- o Western
- o Central
- o Eastern

##### Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Indonesia Motor Insurance Market.

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Available Customizations:

Indonesia Motor Insurance Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

☐ Detailed analysis and profiling of additional market players (up to five).

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