Sustainable Strategy in Life Insurance Industry in Indonesia

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Abstract
The insurance industry suffers from economic crises. Both insurance prices, paid by consumers, and insurer profitability have swung up and down over several years. Crises affect the purchase of insurance products. Only 5% of the population of Indonesia purchase insurance products. This is a challenge for life insurance industry players, since there are 58 life insurance companies. The insurance industry should find a strategy to carry out lucrative business with the principles of sustainability for both company and customer. The objective of this descriptive research is (a) to explain the problems of the people of Indonesia regarding knowledge of investing in insurance products, and (b) to identify the strategy and solution for the insurance industry to do appropriate business in Indonesia, in conformity with the principles of sustainable development and Indonesian government regulations.

Keywords—insurance; investing; sustainable development

1. Introduction
The global economic crisis, which occurred in 2008, started with the economic crisis of the United States and then spread to other countries around the world, including Indonesia. Financial firms like Lehman Brothers and Goldman Sachs went bankrupt. This crisis continues to extend into real and nonfinancial sectors around the world.

The American economic crisis precipitated the global economic crisis because the world's economies are interconnected. Indonesia also felt the global economic crisis, since Indonesia is a country that still relies heavily on the flow of funds from foreign investors; with this global crisis, foreign investors automatically withdrew their funds from Indonesia. The flow of foreign funds, which would have been used for economic development and corporate governance, disappeared. Another impact of the global crisis was that many companies reduced the number of workers, which caused unemployment, decreased per-capita income, and increased poverty rates.

The global economic crisis also negatively impacted the business of financial services such as banks, insurance companies, securities, credit cards, and financing because the business was facing economic challenges. Due to previous economic growth, the people of Indonesia were already aware of the importance of investing. Financial companies also provided a variety of financial products with attractive features and benefits that customers could access.

Insurance (in particular life insurance) is a means of protection from financial loss. It is a way of investing that provides protection to the insured if there is a risk in the future. If the risk actually occurs, the insured party will receive compensation of up to the value agreed between the insurer and the insured. Therefore, insurance is closely related to the risks that everyone will face—for example, at the level of family or household life—and the economic problems that will be faced if one family member faces the risk of illness, disability or death. To reduce all risks, some type of life insurance, including health insurance, will be needed, as life insurance companies provide services in the form of protection against the various risks that may occur. The execution of insurance business should follow the principles of sustainable development in order to grow long-term economic conditions and ensure the prosperity of the people of Indonesia.

2. Literature Review
Jennifer A. Elliot (2006:13) stated the objectives of sustainable development as follows: 1) Biological system: Genetic diversity; Resilience; Biological productivity; 2) Economic system: Reducing poverty; Equity enhancing; Increasing supply of useful goods and services; 3) Social system: Cultural diversity; Institutional sustainability; Social justice; Participation.
Bosselmann (2008) stated that sustainability is both simple and complex. Herein it is similar to the idea of justice. Most of us intuitively know when something is not "just" or "fair." Similarly, most of us are fully aware of unsustainable things: waste, fossil fuels, polluting cars, unhealthy food, and so on. We can also assume that many people have a clear sense of justice and sustainability. For example, they feel that a just, sustainable world is desperately needed, no matter how distant an ideal it may be. In its most elementary form, sustainability reflects pure necessity. The objectives of sustainable development are supported by the theme of sustainability from Middleton and O’Keefe (2001:4) (Table 1).

Table 1. The objectives of sustainable development

<table>
<thead>
<tr>
<th>Theme</th>
<th>Ecology</th>
<th>Economics</th>
<th>Social Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy aims</td>
<td>Biodiversity, avoidance of system collapse</td>
<td>Market prices for environmental goods</td>
<td>Stability, equity</td>
</tr>
<tr>
<td>Problems of intervention</td>
<td>Nature os not pristine, but constructed</td>
<td>Markets do not reflect value</td>
<td>Communities are destroyed, and built, by market forces</td>
</tr>
</tbody>
</table>

3. The Findings

Many people in Indonesia think that life insurance is not important because they think they have relatives or family whom they can ask for help in difficult times. This attitude causes low demand for life insurance compared to other Asian countries, as described in Table 2, while life insurance supply in Indonesia has totaled 58 companies in Indonesia according to data from the Indonesian Life Insurance Association in 2017. Table 2. showed that the penetration of life insurance in Indonesia in 2011 was still 1.1%. Only about 4% of the Indonesian population paid an individual life insurance premium. Life insurance penetration in Indonesia was very low compared to Singapore, at 4.3% with a population of only 4.9 million people.

Table 2. Development of Insurance in Asian Countries (2011)

<table>
<thead>
<tr>
<th>Country</th>
<th>Forecast 2013 GDP change</th>
<th>2011 Population (millions)</th>
<th>2011 life insurance premium (million USD)</th>
<th>2011 life insurance penetration (premium % of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MATURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong</td>
<td>4</td>
<td>7.</td>
<td>24,55</td>
<td>10.1%</td>
</tr>
<tr>
<td>Kong</td>
<td>5</td>
<td>1.</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
<td>1</td>
<td>524,6</td>
<td>8.8%</td>
</tr>
<tr>
<td>Korea</td>
<td>4</td>
<td>4</td>
<td>79,16</td>
<td>7.0%</td>
</tr>
<tr>
<td>Singapor</td>
<td>4</td>
<td>9.</td>
<td>11,27</td>
<td>4.3%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4</td>
<td>3.</td>
<td>64,13</td>
<td>13.9%</td>
</tr>
<tr>
<td>DEVELOPING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>8</td>
<td>1,</td>
<td>134,5</td>
<td>1.8%</td>
</tr>
<tr>
<td>India</td>
<td>7</td>
<td>1</td>
<td>60,44</td>
<td>3.4%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5</td>
<td>2</td>
<td>9,307</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
In 2013, life insurance penetration in Indonesia was still low compared to other Asian countries, as described in Figure 1., which stated that life insurance penetration in Indonesia in 2013 was only 1.5%, much lower than other emerging Asian markets such as India, where penetration was around 3%. Such low penetration allows life insurance companies in Indonesia to compete for market segments and geography, rather than using a pricing strategy to attract other corporate customers. It also highlights Indonesia’s growth potential.

From 2013 to 2015, Indonesia penetration was substantially below China, India, Singapore, Thailand, Malaysia, and the Philippines. Figure 2. explained that life insurance penetration in Indonesia reached 0.99% in 2015, lower than Malaysia at 3.33%, the Philippines at 1.32%, Thailand at 3.8%, and Singapore at 6%.

Life insurance premiums in Asian developing countries increased by 23% in 2016 (By 16% from/since 2015) against the backdrop of stabilizing economic growth. China constituted 70% of the life insurance market in the region and is a key driver, with a 29% premium increase (by 2015 achieved 0%), supported by higher growth in traditional life and health product life insurance. Sales also benefited from interest rate liberalization and government efforts to encourage the growth of protection or protection products. In India, life insurance premiums grew by 8% due to a surge in demand for annuity plans, i.e., financial instruments used as financial resources for retirees, in part driven by demonetization. Growth of life insurance premiums is also strong in Indonesia (24%) and Vietnam (22%), based on increased insurance awareness and ongoing expansion of sales distribution channels through bancassurance. In the Philippines, premiums contracted by 4.9% in 2016, due to the sale of single-premium products that are down from very high levels since 2015 (18%). The decline in the stock market made people less interested in this product. Overall, sectoral profitability in Asian developing countries is deteriorating, as China reported a decline in net income in 2016, thereby enabling a weakness in investment performance (Swiss Re Institute - Sigma No.3 / 2017: 38).
The growth of the insurance industry is influenced by many factors, such as politics, the economy, social factors, culture, and security. Building a risk-conscious and insurance-conscious culture is a long process. It requires patience, as this is a long-term investment where results are not immediate. In the context of Indonesia, people are aware of insurance, but it is not necessarily an insured society. There is a problem of low purchasing power because the average incomes of Indonesian people are still low (Kasan, 2013:70). This is supported by François J. Outreville’s research (2011:14), where aggregate insurance demand is determined by the income level of the community. The higher the people's income, the higher the demand for insurance. The income level of a country is measured by real gross domestic product (GDP) (Dragos, 2014). Beck and Webb’s (2003) research in Dragos (2014) explains that with higher incomes, life insurance demand increases as the human capital of individuals increases with income.

Based on the Report of Financial Services Authority in Quarter I, March 2017, the assets of Insurance and the National Health Care Security (BPJS) industries grew by 3.9% to Rp981.14 trillion. The increase in assets was in line with an increase in investment amounting to 4.8%, or Rp 816.14 trillion. The biggest investment increase is in the types of stock investments, mutual funds, and government securities. Increased investment in stock investment is in line with the increase of the Jakarta Composite Index, which rose 271.4 points to 5,568.11 in the first quarter of 2017. Meanwhile, viewed from the type of insurance industry, the largest increase in investment value is dominated by BPJS, with a total
investment increase of Rp 30.27 trillion. The increase in the assets and investments of the insurance industry and BPJS is also supported by the improvement of industry performance in terms of premium income and gross claims, which increased by 17.06% and 23.89% to Rp86.11 trillion and Rp56.47 trillion, respectively. The composition of premium income is still dominated by Life Insurance with a share of 28.10%, followed by BPJS of 16.90%, General Insurance and Reinsurance with 3.13%, and Mandatory Insurance with 1.05% (Quarterly OJK Report, Quarter I, 2017: 28).

According to the Timetric’s Insurance Intelligence Center, a fall in unemployment will lead to an increase in potential buyers, providing growth opportunities in the segment. The Indonesian unemployment rate fell from 7.3% in 2010 to 6% in 2015 and is forecasted to fall further to 4.5% in 2020. This is expected to support growth in life categories such as pension, annuity, endowment, and term life insurance. Indonesian life insurance penetration was 0.99% in 2015, lower than neighboring Malaysia with 3.33%, Philippines with 1.32%, Thailand with 3.8%, and Singapore with 6%. Insurers in high-penetration countries compete on price to attract customers. However, in Indonesia, insurers compete to capture a particular category or target underpenetrated regions in the country. Awareness of the benefits of life insurance and diversifying product portfolios will create opportunities in the underpenetrated Indonesian life segment over the 2015–2020 period (McKinsey, 2016).

The purchasing power of Indonesian people for life insurance products is influenced by the macroeconomic situation and conditions. Life insurance companies can attract people to their industry by building public awareness and outreach programs, such as education or outreach to the community, housewives, and campuses. Indonesia is a potential market in line with its large population, according to Swiss Re Institute (Sigma No.3/2017:55), in which Indonesia’s population in 2016 amounted to 260.9 millions with a GDP of USD932.6. Marketing in life insurance companies should focus on customer needs and be aware of the activities of competitors. Many consumers also do not understand the actual insurance products needed. Lack of consumer interest in life insurance products encourages industry players to execute several marketing programs, including promotions with the aim of delivering messages to consumers about product information and benefits for consumers. Promotional discounts and offers/specials can be communicated through advertising, public relations, and mass media.

According to the Indonesian Life Insurance Association, the data in the first quarter of 2017 shows that there are 58 companies that consisted are national, private, and joint ventures. The products offered are health products, personal accident products, and pension funds that provide growth and market share. Life insurance companies have different logos and symbols as their identity, and some companies, which are subsidiaries of banks, use the same logos as their parent companies, e.g., the banks BNI Life, BRI Life, BCA Life, Taspen Life, and Commonwealth Life. From a marketing perspective, research has been conducted with 30 life insurance customers in four companies, namely, Manulife, Allianz, AIA Financial, and BNI Life, in Jakarta from April to July 2017. The research revealed the problems of life insurance companies from the customer's point of view. The result of the research is presented in Table 3. The companies are taken from the top-ten ranking in terms of income, based on the unaudited report of the Indonesian Life Insurance Association in the first quarter of 2017. The income (consisting of total income, total new business premiums, total renewal premiums) minus expenses (consisting of operational expenses, marketing expenses, and acquisition expenses). The results are below:

1. Allianz : IDR3,543,531.29
2. AIA Financial : IDR3,448,356.62
3. Manulife : IDR2,278,036.33
4. BNI Life : IDR1,408,715.41

Table 3. Assessment of Respondents on Life Insurance Companies in Jakarta (n = 30)

<table>
<thead>
<tr>
<th>Score</th>
<th>Good</th>
<th>%</th>
<th>Neutral</th>
<th>%</th>
<th>Less</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>27</td>
<td>90</td>
<td>3</td>
<td>10</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Price</td>
<td>22</td>
<td>73</td>
<td>7</td>
<td>23</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Promotion</td>
<td>7</td>
<td>23</td>
<td>12</td>
<td>40</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Sales distribution</td>
<td>24</td>
<td>80</td>
<td>6</td>
<td>20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Customer service</td>
<td>19</td>
<td>63</td>
<td>10</td>
<td>33</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Service quality</td>
<td>18</td>
<td>60</td>
<td>10</td>
<td>33</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Location</td>
<td>20</td>
<td>67</td>
<td>10</td>
<td>33</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Claim process</td>
<td>13</td>
<td>43</td>
<td>17</td>
<td>57</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Brand equity</td>
<td>14</td>
<td>47</td>
<td>11</td>
<td>37</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Logo and symbol</td>
<td>16</td>
<td>53</td>
<td>11</td>
<td>37</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>17</td>
<td>57</td>
<td>11</td>
<td>37</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>16</td>
<td>53</td>
<td>10</td>
<td>33</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Average</td>
<td>59%</td>
<td>33%</td>
<td>8%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The respondents are individual and group customers with monthly incomes between IDR 6 million until IDR 20 million. The respondents consist of general employees, lecturers, entrepreneurs, and housewives with levels of education from high school graduate to master’s degree. Fifty-nine percent of the respondents reported positively over the aspects assessed in the service company (life insurance services). 90% of customers reported being satisfied with the life insurance products that they chose and bought; 37% of customers stated that life insurance companies have lack of promotions; 47% of customers reported positive views on brand equity; and 53% of customers were happy with logos and corporate symbols. The respondents are well educated and represent only a small portion of the population in Jakarta. In general, many people all over Indonesia do not have any idea about insurance products or investing their money. To increase premium revenue, companies are trying to attract new customers in various ways. Along with the sustainable development, consumer behavior in Indonesia has begun to change. Consumers today are already aware of the meaning of advertising and the promotion of insurance companies.

Based on the data in Table 3, the elements of problems for life insurance companies are: aspects of product, price, promotion, sales distribution, customer service, service quality, location, claim process, brand equity, logo, symbol, satisfaction, and customer loyalty.

Therefore, life insurance companies in Indonesia should develop a strategic framework for developing their business. However, the companies should also develop their customers in order to get mutual benefit. The strategic framework should follow the principles for sustainable insurance to turn environmental, social, and governance challenges into sustainable opportunities. In turn, it would show how insurance companies and insurance regulators could better support development.

The principles for sustainable insurance are based on the theory of Klaus Bosselmann (2008:9) about the meaning of sustainability. Sustainability reflects pure necessity. It means that the insurance business should meet customers’ needs and expectations. Therefore, the insurance company should do more research on consumers in developing their new products. Meanwhile, Jennifer A. Elliot (2006:13) supported the Bosselmann theory about concerning the objectives of sustainable development, as stated above. Applying her category of “biological system” means the insurance industry should improve human welfare, not harm people by neglecting their claims and prioritizing the companies’ goals and profits over the needs of the consumers. Indonesia has an economic system of democracy, based on the foundational philosophical theory that the Indonesian state (Pancasila) and the constitution of Indonesia (UUD 1945). According to this system, the government, economically disadvantaged people, and entrepreneurs have been active in efforts to achieve prosperity of the nation. In addition, the state plays a role in planning, guiding, and directing the activities of the economy. Thus, there is cooperation and mutual assistance between the government, private business, and the community. The economic system of democracy relies on a fair market mechanism with fair competition principles, which include: Paying attention to economic growth, the value of justice, social interests, and quality of life; Being able to realize environmentally sustainable development; ensure equal opportunities in the business; The protection of consumer rights and fair treatment for all people.

Denotes a complex network of interdependent parts, components, and processes that surround the rules of the relationship. Society is a system of interconnected parts, and relationships in society are reciprocal; the social system is a synergy between the various social sub-systems that are dependent on each other and interconnected. The existence of interrelated relationships, interactions, and interdependence suggests that there should be different people from different cultures involved in interacting with, with no race or gender bias. Participation by both parties, the insurance companies and customers, is required to achieve social justice.

The above objectives of sustainable development are supported by the theme of sustainability from Middleton and O’Keefe (2001:4). The policy aim for ecology is biodiversity; for economics the aims are market prices for environmental goods; and for social development the aims are stability and equity. Sustainability is an emerging concern for insurers and regulators and an opportunity to meet new customers’ expectations by proposing innovative solutions and educating prospective customers.

Based on the United Nations Environment Programme (UNEP) Report 2009, the sustainability management model is focused on environmental, social, and governance (ESG) changes and their direct or indirect impact on the conditions of business and the quality of the products and/or services offered to clients. The ESG factors are as follows: Environmental: climate change, biodiversity loss and ecosystem degradation, water management, pollution; Social: financial inclusion, human rights, emerging manmade health risks, aging populations; Governance: regulations, disclosure, ethics and principles, alignment of interests.

To strengthen sustainability as a strategic decision for business, the functional and business units are encouraged to develop initiatives that will allow them to identify ESG risks and opportunities in their respective areas of work.
Sustainability is about managing risks and creating opportunities. The objective of sustainable economic value creation is anchored in the core principles of corporate strategy and underscored by the shared value concept. By taking into account ESG aspects, we can achieve the maximum effect for our group and for society.

According to UNEP - Finance Initiative (2017:7), the following are the Principles for Sustainable Insurance that will become the global framework and standard by which the insurance industry can be measured on its contribution toward sustainable development:

Principle 1: We will embed in our decision making ESG issues relevant to our insurance business. 
Strategy: Develop innovative risk transfer solutions (insurance products) and work closely with partners in both the private and public sectors; use tailor-made tools in risk management to address sustainability risks.

Allianz, Manulife, AIA, and BNI Life (“the companies”) are committed to a diverse and inclusive culture where employees can be confident their views are encouraged, their concerns are attended to, they work in an environment where bias, discrimination and harassment on any matter (including gender, age, ethnicity, religion, sexuality and disability) are not tolerated, and advancement is based on merit. Diversity supports an increasingly diverse customer base and acquires, develops, and retains a secure supply of skilled and committed employees. Internally, the companies start to increase discussions around customers’ needs and find solutions. The companies educate customers to understand their insurance needs. The companies are focusing on needs analysis and educational tools to provide customers with simplified research and education tools by developing user-friendly insurance content and by incorporating relevant “protection” needs analysis and quotation tools. This is to ensure customers are getting the best information and tools to enable them to self-educate, assess their needs, and research potential solutions to fulfill those needs.

- Customer care commitment.
- Customer insights and incentive schemes
  - Treat all customers fairly
  - Meet, or exceed, all local laws, regulations, and codes of practice
  - Deliver services to customers in a way that provides speed, ease, certainty, and empathy
- Sustainable finance, operations, and communities.
- Sustainable finance: Manulife, Allianz, AIA Financial, BNI Life (the companies) anticipate and manage risks and opportunities associated with a changing climate, environment, and economy.
- Sustainable operations: The companies work together with their suppliers to find new ways to reduce the impact of their operations on the environment. The companies are purchasing renewable energy, designing and operating buildings and data centers more efficiently, and reducing waste.
- Sustainable communities: The companies provide financial contributions to community projects, and thousands of employees across regions get involved by volunteering their time and sharing their skills.

Principle 2: We will work together with our clients and business partners to raise awareness of ESG issues, manage risks, and develop solutions.
Strategy:
- Interact with clients and take an active role in industry initiatives to advance sustainable business practices
- Share and advance risk expertise with a special focus on top topics
- The life insurance industry is also a critical contributor to long-term economic growth by supporting consumer spending
- The companies work with a number of key strategic partners, e.g., hospital, bank, investment management (partner collaboration)
- Insurers can be important partners for cities in mitigating economic losses to communities, businesses, and individuals

As per the UNEP - FI Principles of Sustainable Insurance strategy paper and macro insurance industry trends, aging populations and pressure to reduce social spending are key areas of focus. This report explores the expectations of people working toward their retirement and of those who have already reached this stage in their lives. Principle 3: We will work together with governments, regulators, and other key stakeholders to promote widespread action across society.
Strategy:
- Share and advance risk expertise with a special focus on top topics, supported by own dialogue platform
- Educate customers with value; reach out to literate people across society to obtain prospecting customers

Principle 4: We will demonstrate accountability and transparency in regularly and publicly disclosing our progress in implementing the principles.
Strategy:
• Insurance companies have to report financial information to the regulator. The report should provide a better audit since it will improve transparency.
• The companies should follow the regulations to avoid monetary instability.
• The companies have to report corporate responsibility.

4. Main Strategy

In connection with the regulation from Financial Services Authority number 76/POJK.07/2016 concerning the enhancement of financial literacy and inclusion in the financial services sector for consumers and/or society, the insurance industries have to implement financial literacy and inclusion for all society in all regions. The regulation is required due to the fact that Indonesian people's knowledge, understanding, and access to financial institutions, products, and services are still low and uneven in every sector of the financial services industry. Therefore, the sector needs to undertake financial education and infrastructure development.

Financial inclusion is the availability of access to various institutions, products, and financial services in accordance with the needs and capabilities of the community in order to improve the welfare of the community.

The purposes of financial inclusion are:
• To increase public access to financial institutions, products, and services;
• To increase provision of financial products and/or services provided by financial institutions in accordance with community needs and capabilities;
• To increase use of financial products and/or services to suit the needs and abilities of the community;
• To increase the quality of utilization of products and financial services according to community needs and capabilities.
The target markets for financial literacy and inclusion are: informal workers, farmers, fishermen, educational institutions, professionals, employees, merchants, small and medium-sized enterprise business actors, women, students, college students, young people, retired people, Indonesian workers, candidates sponsored by Indonesian workers, Indonesian workers’ families, people with disabilities, groups with social welfare problems, disadvantaged people, and members of remote and rural communities.

Although the companies have conducted Corporate Social Responsibility (CSR) activities that focus on financial literacy education in parts of the regions, there are many regions that still need to be included. The CSR program should be concerned about the products and prices for people in rural areas. The companies should create products with affordable premiums ranging from IDR 50,000 per month to get the proper protection that is suitable to be applied for people in rural areas. In the future, there will no longer be a gap in the use of insurance products between urban and rural communities.

as often as possible to avoid illegal investments that harm the community, even people with higher levels of education. In fact, there are still many Indonesian people who are not literate and have not been educated about finance. The companies produce more micro insurance products that are simple and easy to understand by people with low education. Most importantly, micro insurance products must be run at low distribution and operational costs with efficient claim settlement processes, as these products must be able to reach low-income markets. The microproducts are as follows:

- Life insurance with benefits such as funeral expenses, which usually incur quite a high cost, and the payment of the remaining loan to the financial institution of the loan provider
- Health insurance with benefits, among others, including payment of hospital fees and cash compensation as a substitute for income due to illness, or patient care of a sick family member

In terms of telemarketing channel distribution, the companies should be focused on middle-class society and should organize the customer database accordingly. Many people feel intimidated into procuring life insurance after they are contacted by telemarketing sales; indeed, the target customers often do not meet the companies’ expectations.

5. Conclusion

The strategy for a sustainable insurance industry must be in line with the principles of sustainable insurance and the regulation from Financial Services Authority number 76/POJK.07/2016 concerning enhancement of financial literacy and inclusion in the financial services sector for consumers and/or society. The insurance industry should pay attention to rural communities and not think about more profit specifically for joint-venture companies. The business should meet customers’ need for prosperity.

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