

PRESS RELEASE

Microtakaful Conference Indonesia and Sharia Microinsurance Development in Indonesia

(Jakarta, April 24th, 2014) - Financial Services Authority (OJK) is now developing Sharia microinsurance as a part of microinsurance development program which OJK has launched in October 2013. Moreover, microinsurance development is a part of financial inclusion program. Sharia microinsurance is insurance managed using Sharia principles and is accessible by low income society.

In Indonesia or other countries generally, low income society also needs protection against financial risks of adversities such as accidents, sickness, and natural disasters. This society is even relatively more susceptible to impacts of the adversities. That is because members of low income society do not have enough funds to deal with unpredicted occurrence or incidents. Considering that the majority of Indonesian citizens are Muslims, Sharia microinsurance development is expected to become a support in realizing financial inclusion in insurance sector.

Actually, some insurance companies already provide Sharia microinsurance products with relatively small premiums or contributions. However, the quantity and types of such Sharia microinsurance products are still limited. Besides, Sharia microinsurance marketing must deal with various obstacles, such as distribution channels that are incapable of reaching most of low income society, and also low financial literacy on Sharia insurance. In order to handle those problems, OJK has specified Sharia microinsurance development program as one of OJK's priorities in 2014.

For the Sharia microinsurance development program, OJK cooperates with all main stakeholders in efforts to provide Sharia microinsurance products with affordable premiums and yet give optimal benefits, to distribute the products efficiently, to carry out education for society, and to prepare necessary supporting regulations. With those efforts, Sharia microinsurance is expected to be able to develop by keep putting forward consumer protection.

One of activities of Sharia microinsurance development program is that OJK has cooperated with German Agency for International Cooperation (GIZ) and Indonesian Sharia Insurance Association (AASI) in conducting microtakaful market study in early 2014.

Microtakaful Conference Indonesia, which is held today, is a part of the Sharia microinsurance development program. This conference is arranged as a medium to socialize results of market surveys. Participants of Microtakaful Conference Indonesia encompass a variety of stakeholders in Sharia microinsurance, such as Sharia insurance companies, Sharia cooperatives, Baitul Maal wa Tamwil (BMT), distributions channels and academic experts.

The main purpose of Microtakaful Conference Indonesia are: (i) to publicize and receive inputs related to results of Sharia microinsurance market surveys, and (ii) to build mutual commitment among main stakeholders to develop Sharia microinsurance in this country.

Directorate of Communications
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