

## PRESS RELEASE

### CALL FOR PAPERS ON INSURANCE AND PENSION FUND

#### “IMPROVING THE ROLE OF STATISTICS AND ACTUARY TO REVITALIZE INSURANCE AND PENSION FUND INDUSTRIES”

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**Jakarta, February 20, 2015.** Financial Services Authority (OJK) opens Call for Papers on insurance and pension fund under the theme “Improving the Role of Statistics and Actuary to Revitalize Insurance and Pension Fund Industries”.

Chairman of OJK Board of Commissioners Muliaman D. Hadad opened the event in Jakarta on Friday OJK and expected to receive ideas and concepts to revitalize insurance and pension fund industries through the Call for Papers.

The event is aimed at growing society’s interest in knowing all subjects associated with insurance and pension fund so as to harmonize theories on insurance and pension fund that people get from universities by practicing them in the industries.

OJK’s Chief Executive for Non-Bank Financial Industry Supervision Firdaus Djaelani added that the event would be arranged routinely each year and is expected to be able to help succeeding the program of creating 1,000 actuaries, and also be an instrument of innovation in generating general society’s contribution to boost the acceleration of insurance and pension fund industries development toward better condition, which will eventually actualize non-bank financial industry that gives bigger contribution to national economy development.

Based on OJK’s statistics data, assets in insurance industry increased by 18.8 percent in average each year from 2009 to 2014, with total assets of insurance companies as of December 2014 (unaudited) reaching Rp 755.4 trillion. In pension fund sector, total net assets of pension fund as of December 2014 (unaudited) reached Rp 186.3 trillion, with growth of assets of pension fund at 9.7 percent in average annually.

However, insurance and pension fund industries in Indonesia still have to face future challenges that include, among others, low penetration of insurance and pension fund, limited professional experts, insurance products design, pension fund that might not fulfill society’s needs yet, and deficit in balance of insurance payments.

The first challenge is low penetration of insurance and pension fund in Indonesia, despite that the industries recorded an increase each year. Level of insurance penetration in Indonesia in 2014, indicated by percentage of insurance premium from gross domestic product, was at 2.14 percent. This is far behind the levels of other countries, even when compared with neighboring countries in ASEAN region. For instances, Singapore had level of penetration at 6.5 percent, Malaysia at 4.9 percent and Thailand at 4.7 percent.

In the pension fund sector, level of penetration of pension fund is the percentage resulted from the ratio between number of pension fund members and number of labors, which was at 5.7 percent as of December 2014. Based on the World Bank's data in 2011, Indonesia ranked at sixth in level of penetration, below Singapore, Malaysia, the Philippines, Thailand and even Vietnam.

Besides the low level of penetration, balance of insurance payments from Indonesia to other countries continuously recorded a deficit. The lingering deficit in balance of payments may end up in a decreasing value of foreign exchange reserve that is applied to control the value of Indonesian Rupiah in macro scale. Data showed that deficit in balance of insurance payments increased by 16.1% in average each year. In 2008, deficit in balance of insurance payments reached Rp 5.03 trillion and hiked to around Rp 8.19 trillion in 2013.

Professionals in insurance and insurance fund, government and OJK consider that education for society along with link-and-match concept between industry demands and higher education graduates hold important role in facing those challenges. In academic activities, there are only several universities teaching subjects on non-bank financial industry at this time, especially insurance and pension fund.

The Call for Papers is open from February 20 to August 8, 2015. This event is targeting on general society, professionals, researchers, lecturers and college students. Board of jury in this event comprises five persons representing academics, Society of Actuaries of Indonesia (PAI) and professionals/regulators. Evaluation criteria involve four main indicators, namely innovation originality, concept clarity, usefulness scale and applicative opportunities.

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