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POSITIVE COMMENTS

"We are now 6 months into the post OJK Tariff market environment and a lot of our clients have already felt the effect on their insurance costs at renewal." As a leading insurance broker in Indonesia, we are of course sympathetic to our client's premium and deductible increases and do our best to advise wherever possible to control cost increases within the scope of the tariff guidelines.

This includes careful risk analysis surveys on loss exposures i.e Maximum Foreseeable Loss / Estimated Maximum Loss linked to policy limits, cost effectiveness and howbest to manage their policy coverage in order to balance deductible exposures. Of course, at the end of the day, the best way to avoid deductibles is to avoid losses and we are, without doubt, a leading provider of risk engineering services and systems aimed to help our clients do just that.

Whether the tariff remains for very long in its current form remains to be seen. I like to think however that at Howden Insurance Brokers Indonesia, we can do everything possible to meet our client's needs in a difficult environment.

Willy Ignatius
President Director

HEALTH & BENEFITS

Compulsory Healthcare Benefit – Are We Prepared?

For many years, the government of Indonesia has been trying to implement a compulsory healthcare benefit for all its citizens. After much planning and financial modelling the long awaited initiative has finally arrived by the formation of "BPJS Kesehatan", an organization originated from PT. Askes (Persero) and will be implemented in two phases. Firstly, as from 1st January 2014, as an initial implementation available to government agencies, state-owned corporations and the Army (TNI/POLRI) and for all unemployed citizens. And from 1st January 2015 BPJS Kesehatan will apply to and include all private corporations.

The scale of implementation is daunting and the challenges are great. So are the costs involved in delivering such an undertaking for all concerned not to mention the administrative task of delivering such a wide ranging objective.

BPJS has and will continue to affect private corporates who currently arrange their healthcare benefit programme through private insurance or self-funding. From 1st January 2015, all companies will be obligated to participate in the BPJS Kesehatan programme and register all employees which it will be at cost allocation of ___% of wages/salaries contributed X by the employer and Y by the employee. The details however are yet to be finalized. Unlike private insurance however, the BPJS Kesehatan programme will deliver a standard treatment and procedure to be delivered and assessed in terms of need by a registered family doctor or community health center / clinic as the first-level medical service, before obtaining further treatment with a hospital or specialist (unless for 'emergency' cases only). In contrast with private insurance arrangements where employees can seek treatment directly from hospitals in all



circumstances. White collar employees would be more concerned about this procedure than blue collar employees since they are already familiar with higher standard treatments. Hospitals used for the scheme will be state owned only and not the private medical sector. Herein lies the problem, especially for white collar workers.

This is a recent development and is still on going. There has been a great deal of communication between BPJS Kesehatan and private insurance companies in order to find a solution by way of Coordination of Benefits (CoB), which hope to assist fund members who are trying to get higher levels of service than what is offered by BPJS. This coordination would likely also involve private hospitals to be recognized providers to BPJS Kesehatan and Private Insurers respectively. At the time of writing however, this is far from concluded.

For further information on healthcare insurances and BPJS Kesehatan. Please visit <http://www.howdenindonesia.com> and email us at general@id.howdengroup.com or contact us on 0212939 4900- Health & Benefits.

CLAIMS & RISK MANAGEMENT

Managing The State Authority OJK Decree No. Se-06/D.05/2013



OJK Requires Extra Effort From The Broker

We have shared the latest development of the OJK's new tariff guidelines known as OJK Decree No SE-06/D.05/2013, in our last newsletter and our President Director comments in this issue. It's introduction has resulted in increased insurance cost, in almost all insurance risk sectors and at the same time challenges brokers to add-value to

clients. We see this as being increasing critical in a number of related areas namely:

Understanding that the client's insurance needs can only be met if we are able to identify risks and hazards associated with the risk as well as measuring the maximum loss potential. In order to deliver this, Howden Indonesia has prepared developed these services through its Risk Management Team to properly identify risk categorization, complete a detailed risk profile of the subject matter and assist clients with selecting appropriate loss limits and perils insured. The Howden Indonesia Risk Engineers, with the assistance from Risk Engineer from Howden Singapore Regional office, has the focus, capability and systems available to deliver online risk control services necessary to meet every client's needs.

Site Survey

The tariff selects various occupancy codes and accurate technical information obtained from site-surveys. Via Howden engineers are able to identify the correct risk category for minimizing premium by avoiding incorrect category allocation. The risk

engineer is part of the Howden services process, sitting together with the insurer to identify the appropriate risk category and helping to design appropriate policy terms and conditions that meet the client's needs.

Through the survey, Howden Risk Engineers also contribute an additional service in terms of safety and risk improvement. Long time experience in risk assessment is now required more than ever as a loss prevention measure. A certified health and safety check at the workplace (Ahli K-3) is now employed by Howden in order to achieve that goal.

Underwriting

Now that premium rates for various occupancies are fixed, including deductibles, the ability of the broker to identify the type of perils and hazards associated with the subject matter of the policy and measuring it accurately is one of the key requirements as an initial step to provide client a better review of how insurance can be arranged for them effectively. The broker should analyze how to optimize the insured's premium budget in relation to what benefit can be obtained from the policy.

Howden will generally send our engineer to collect required information at the risk location and build adequate underwriting information for insurers. For some cases, this role is carried out by the insurance company's risk surveyor. The insurance risk acceptance will mostly rely on the underwriting information contains. Howden can produce the risk report with highlighted underwriting positive features and help it make the risk acceptable to insurers.

Claims Handling

Of even more importance is our Claims Service, which is the integral part of Howden's services delivery to clients. At Howden, we are committed to assist our client during the sometimes complex claims process following a loss.

Our insurance knowledge and experience is one of the basic tools of success, with Howden expertise being supported by continuous training and the deployment of certified insurance experts on the front line of claims. Our claims staffs are able to communicate well with insurers and loss adjusters to ensure that the process is managed properly. We regularly update the claim status and communicate with clients on the development of their claims recovery profile.

We understand that each claim has its own specific issues, hence a standard claim procedure and claim process set up by the insurance companies might not be applicable. Our professional relationships with the local insurance companies and foreign reinsurance brokers has become our main key success to solve such problems.

Socialization

In order to ensure that the insured understands clearly what steps need to be taken following claims, our claims personnel can also provide advice on how to submit and follow up during claim process.

Further information on Claims & Risk Management, please email to general@id.howdengroup.com or contact us on 0212939 4900 - Claims & Risk Management.

STRATEGIC BUSINESS DEVELOPMENT

Hole in One Insurance



On April 23rd 2014, Rotary Club Jakarta Sentral generously held the Golf & Give Charity Tournament at Riverside Golf Club, Cimanggis, Cibubur. This event was dedicated to provide much needed support to important local social projects such as Rumah Piatu Muslimin, Lentera Anak Pelangi, and Free Aids Testing in St. Carolus Hospital. In support of these great causes, PT Howden Insurance Brokers Indonesia helped arrange Hole in One Insurance of IDR100,000,000 for any lucky winner.

Amazingly, Mr. Tiku Menon played a fantastic shot to get a Hole in One on Hole Four. Congratulations Mr. Tiku Menon!!

PT Howden Insurance Brokers Indonesia is highly experienced in obtaining quality Hole in One Insurance cover at very competitive terms to help assist you in any event. Please contact us with queries you may have.

For further information on Hole in One Insurance cover, please visit <http://www.howdenindonesia.com>. If you need any queries you could also email us at general@id.howdengroup.com or contact us on 0212939 4900 – Strategic Business Development.

FINANCIAL RISKS

Don't Worry About Your Invoices!



Recently, we were very proud to have helped a client settle a multi-million dollar trade credit claim with insurers, which is an important case in showing the need to purchase adequate protection against payment

defaults by your customers.

The client, a multi-national company offering rental of heavy equipment and machinery, had an agreement with its customer which contained clear payment terms (for example, 30 days after date of periodic invoices). Payments were received as scheduled in the first two years, but unfortunately the renter's business began to struggle during the third, and so began falling behind on payments and eventually defaulted entirely, which impacted our client's cash flow and business considerably.

Thankfully, quality trade credit insurance had been purchased to protect against losses arising from default and non-payment.

It is very important to be aware of such perils, as the risk of your customers becoming bankrupt can render you with unpaid receivables that severely impact your business. Knowing you have the necessary protection in place can help give you the confidence to continue growing revenue and profitability.

If you interested in trade credit insurance to protect your company's invoices against the risk of non-payment, then please contact us to provide solutions that are specifically suited to your business.

"You want to know your buyer, we know how to make peace of mind"

For further information on trade credit insurance please visit <http://www.howdenindonesia.com> and email us at general@id.howdengroup.com or contact us on 0212939 4900 – Financial Risks.