



# Southeast Asia Disaster Risk Insurance Facility

PROTECT THE GREATEST HOME OF ALL:

**OUR COUNTRIES**

SEADRIF is a regional platform to provide ASEAN countries with financial solutions and technical advice to increase their financial resilience to climate and disaster risks.



# Featuring the Experience of Indonesia and the Philippines Summer Special

**Facilitator:** Benedikt Signer

**Speakers:**

Encep Sudarwan, Director of State Assets, Ministry of Finance, Indonesia

Rosalia de Leon, National Treasurer, Bureau of Treasury, The Philippines

# Objectives of the factsheets and webinar

- **Why** should governments develop a financial protection strategy for public assets?
- **When** can insurance be a good option for the financial protection of public assets?
- **Who** are the key stakeholders (both external and internal) that play roles in each stage of the insurance development process?
- **What** are the most important step-by-step considerations involved in the development of a strategy for public asset insurance?

## INTENDED OUTCOME:

Government officials to develop strong understanding of the steps required to design, develop, deliver and operate effective financial protection of public assets, particularly through risk transfer and insurance

# Structure of Webinars



**90-minute webinar for each factsheet**



**Different guest speakers**



**Please share questions via Q&A function**



**Live polls:  
Please participate**



**Poll results will be included in final outputs**



# Overview of the Knowledge Series

- Roles and responsibilities for the government officials within an internal insurance program, the associated stakeholders, including auditing, compliance and governance, supervisory.
- Multi year aspects such as renewals and re-assessment of exposures.
- Review of procurement considerations
- Dealing with claims management
- Incorporating innovations and technologies



**FACTSHEETS 7 and 8**

- Development of an implementation roadmap for a public asset financial protection program
- How governments can agree objectives and build consensus around priorities
- How to develop internal governance and oversight functions, and ownership at each level of the insurance program
- How risks are allocated across asset owners and operators



**FACTSHEETS 1 and 2**

- Roles and options available to construction of cost-effective insurance, including common insurance structures and case studies, their pros and cons against considerations of budgets, risk appetites, and government priorities
- Introduction of pooling and mutualization of large scale public assets insurance programs
- Insurance/reinsurance concepts of retention, deductible and exclusion



**FACTSHEETS 5 and 6**

- The importance and development of Public Assets Registries, and associated Enterprise Asset Management systems.
- How to assess and quantify asset exposure, sources of data, requirements for insurance transactions
- Introductions to the use of catastrophe analytics, burning cost / technical and market rates, tariff structures, risk based pricing methods, and underwriting.



**FACTSHEETS 3 and 4**



# Perspectives from The Philippines

Rosalia De Leon

National Treasurer

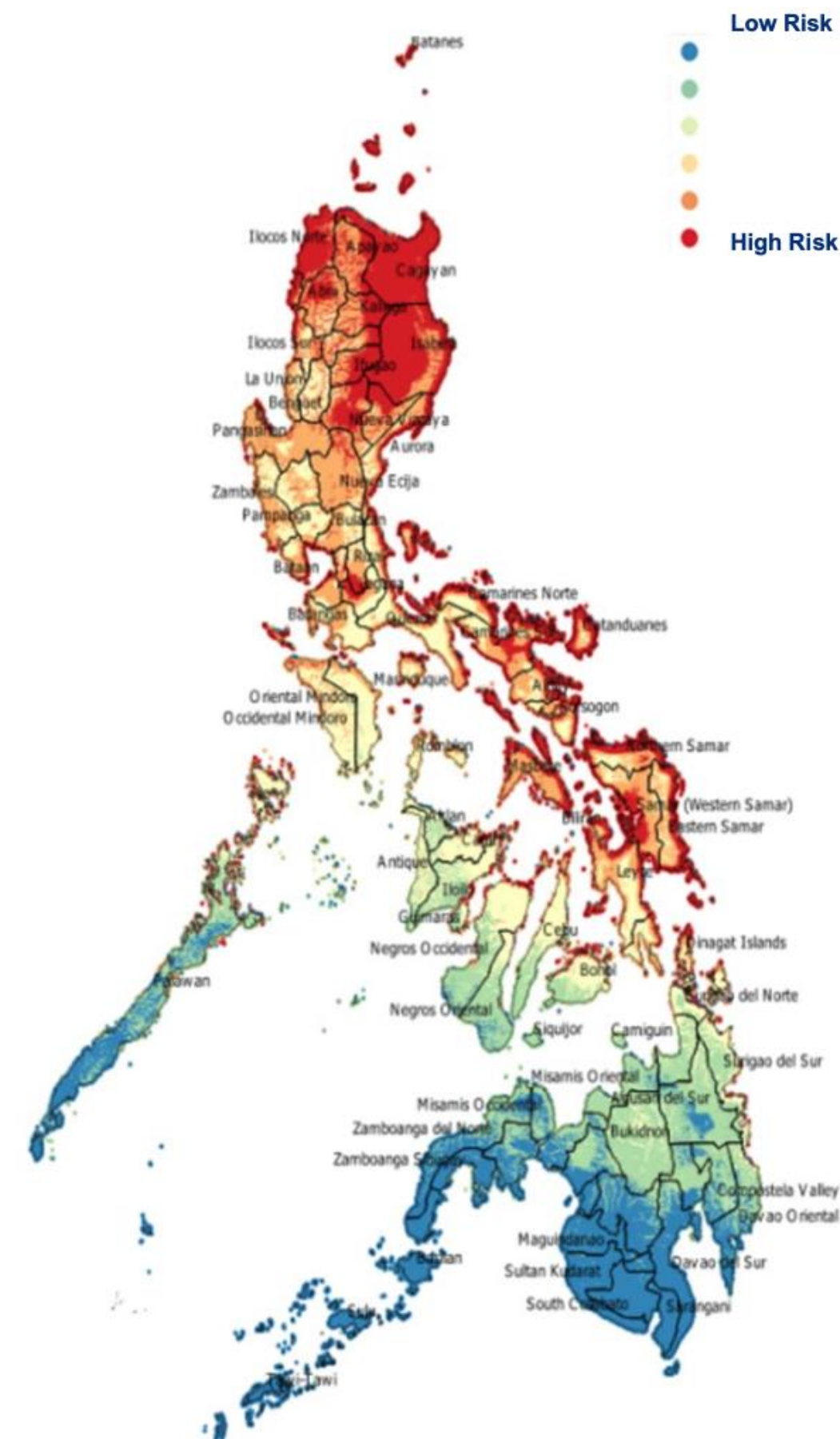
Bureau of the Treasury, The Philippines



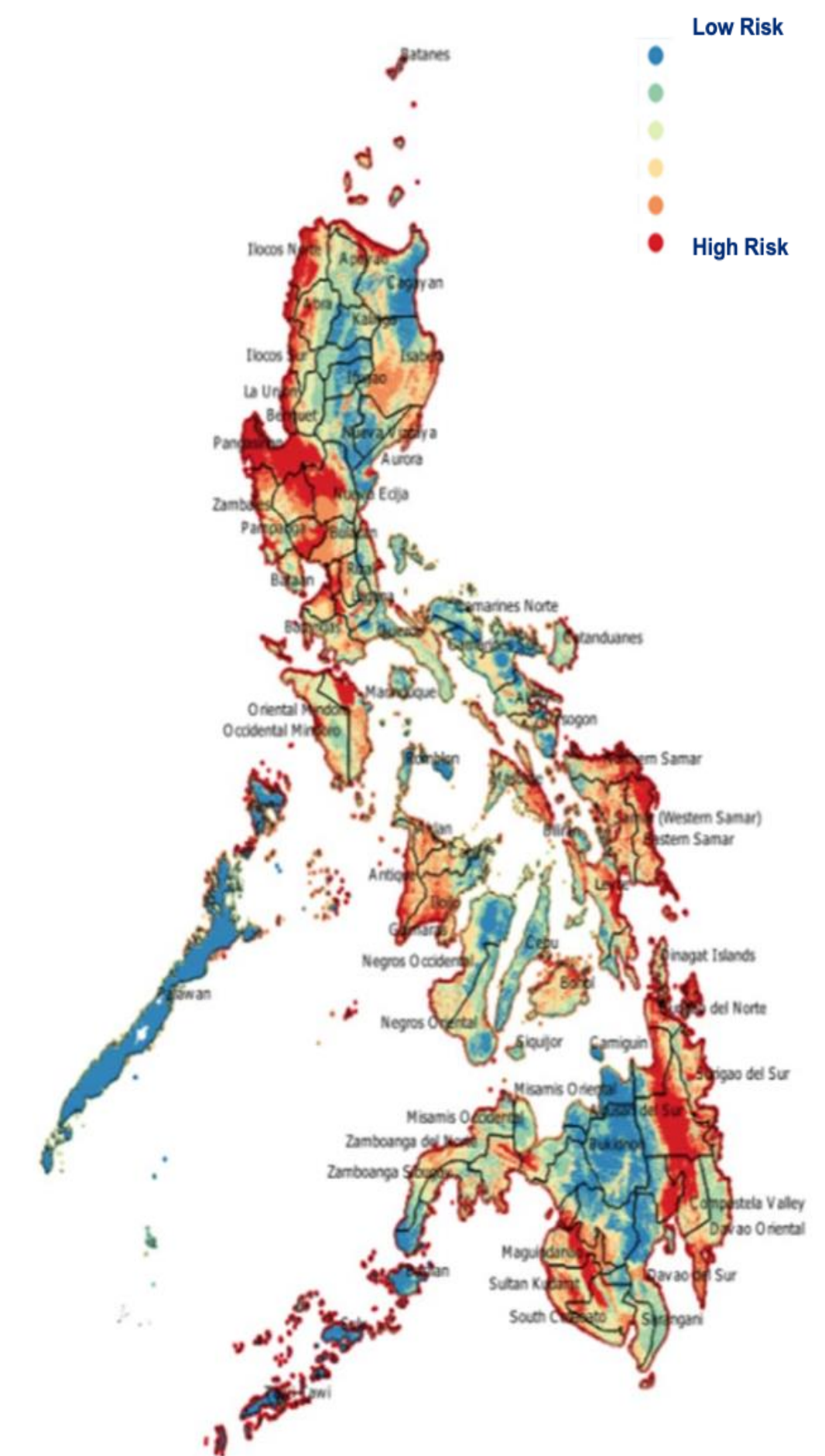
# PHILIPPINE CONTEXT

- According to the World Risk Report, from 2011 to 2018, the Philippines has consistently been in the top three countries with very high risk. In 2019, the Philippines moved down the rank to nine, although was still the highest ranking Asian country.
- Annually, an average of 20 typhoons traverse the country mainly hitting the Eastern Seaboard.
- Being located along the Pacific Ring of Fire also subjects the country to multiple earthquake events and volcanic activity.

## TYPHOON RISK

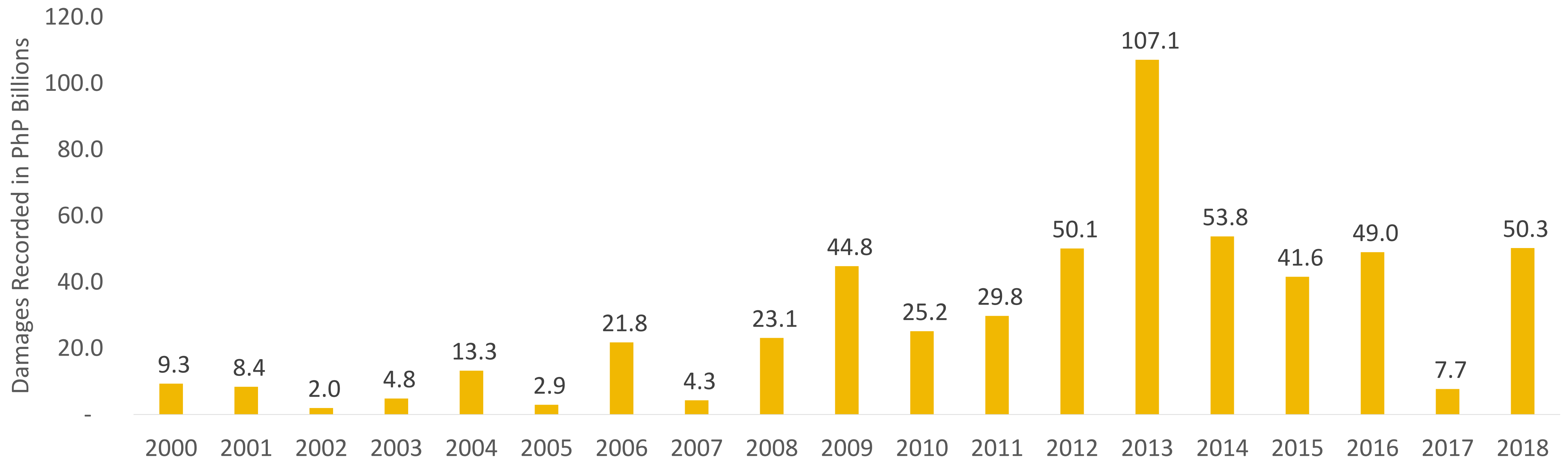


## EARTHQUAKE RISK



# PHILIPPINE CONTEXT

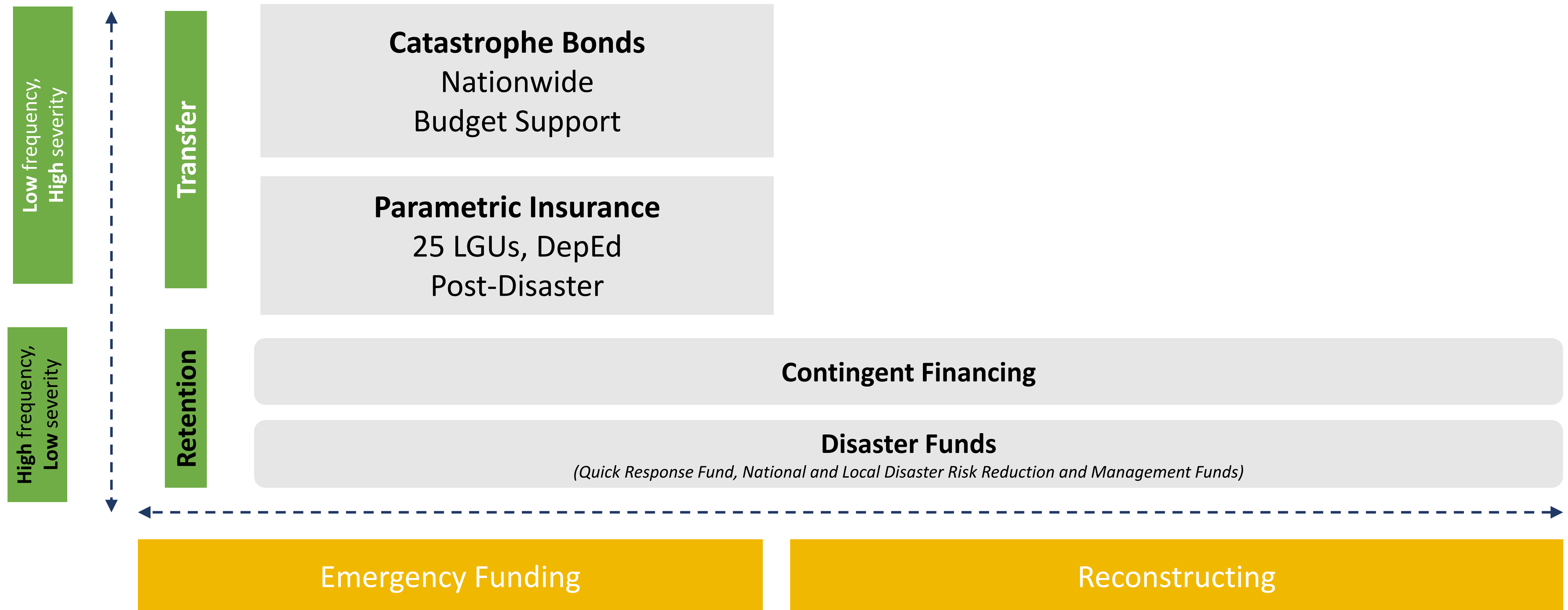
National Disaster Risk Reduction and Management Council's Recorded Damages due to Natural Disasters



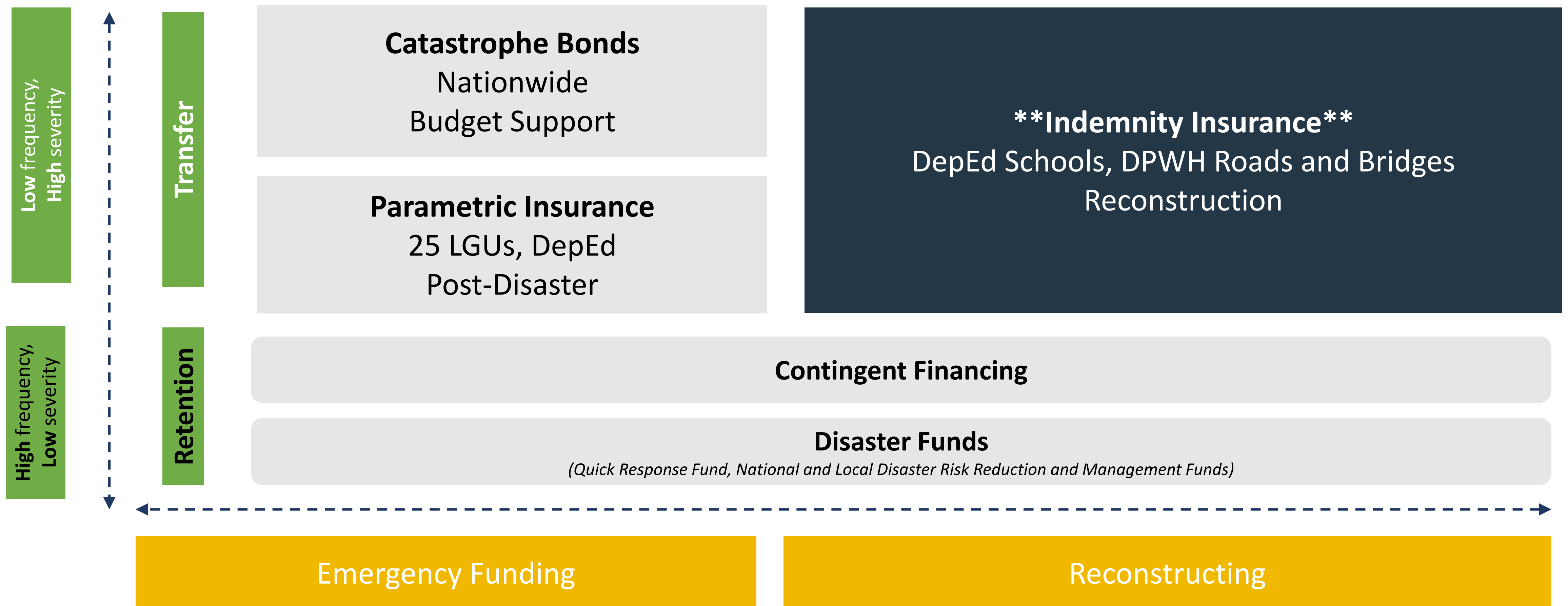
- From 2010 to 2018, damages averaged PhP 46B. Cost of reconstruction, repair, and rehabilitation would be at least 1.5x of this.
- Spike in damages in 2013 was due to Typhoon Haiyan



# PHILIPPINE RISK LAYERING FRAMEWORK



# PHILIPPINE RISK LAYERING FRAMEWORK



# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

## STEP 1: CREATION OF INTER-AGENCY COMMITTEE ON GOVERNMENT PROPERTY INSURANCE

### OVERVIEW

- ✓ Legal Framework: Administrative Order no. 4 (until November 2019)
- ✓ Mandate: Formulate necessary policies, rules, and regulations to ensure that key government properties/assets/insurable interests are comprehensively and adequately insured
- ✓ Chair: Department of Finance, through the Bureau of the Treasury
- ✓ Members: Department of Budget and Management, Office of the President, Insurance Commission, and the Government Service Insurance System

### IDENTIFIED STRATEGICALLY IMPORTANT ASSETS

- ✓ Roads, Bridges, Schools, Hospitals, Health Centers, Dams, Irrigation Facilities, Welfare Centers

### MAIN RECOMMENDATION

- ✓ Indemnity Insurance program for Strategically Important Assets – Roads, Bridges, Schools, Hospitals, Health Centers, Dams, Irrigation Facilities, Welfare Centers
- ✓ Development of a National Asset Registry to be housed in the Bureau of the Treasury

# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

## STEP 2: ESTABLISHMENT OF ASSET REGISTRY (ONGOING)

### OVERVIEW

- ✓ Registry of Strategically Important Assets
- ✓ Current Asset Information: Geographical, Financial, Legal, Insurance, and Asset Specific information

### RATIONALE

- ✓ An indemnity insurance program would require asset information such as its location, replacement cost, condition, risk mitigating features, and the like.
- ✓ Provides more granular information for the program to reduce basis risk

### CHALLENGES

- ✓ Availability and Quality of Data
- ✓ Coordination with agencies and their regional/provincial offices

### GETTING THE DATA





## Data Fields: Common Data Specifications

### General Information

- National Asset Number
- Organization/Agency Code
- Asset Name/ Type
- Property Number

### Location Information

- Region, Municipality, City
- PSGC Code
- Latitude
- Longitude

### Legal / Ownership Information

- Ownership
- Mode of Acquisition/ Conveyance
- Conveyance Information
- Acquisition/ Conveyance Date

### Financial Information

- Book Value, Accumulated Depreciation
- Asset Life, Number of years used
- Sound Value/ Assessed Value/ Appraised Value
- Mode of Disposal/ Disposal Date

### Insurance Information

- Sum Insurable (if not insured)
- Insurance Details (Amount insured, Coverage, Type of Policy, Amount Insured, Premium, and Deductible)

## Data Fields: Asset Specific



### ROAD

#### Technical Specifications: General technical specifications

Functional Classification	Total Road length	Length per Surface Type			
		Concrete	Asphalt	Earth	Gravel
Directional Flow of traffic	Number of Lanes	Year of Construction	Pavement Type	Surface Type	Terrain Type
Hazard Risk	Hazard Threat	Condition	Remarks		



### BRIDGE

#### Technical Specifications: General technical specifications

General Bridge Type	Bridge type of construction	Year of Construction	Condition	Load Limit	No. of Lanes
Carriageway Width (meters)	Terrain Crossed	Overall Width (meters)	Overall Length (meters)	Maximum Bridge Height (meters)	Length of Span (meters)
Hazard Risk	Hazard Threat	Deck Materials	Deck Wearing Surface	Deck Drainage	Pier Type
Pier Material	Pier Foundation Type	Main Member Material	Slope protection	Abutment Type	Abutment Foundation Type
Abutment Material	Remarks				

# Data Fields: Asset Specific

## SCHOOL Technical Specifications



### General technical specifications:

School Classification	Occupancy	Details	Date constructed	Area per floor (m <sup>2</sup> )	Number of floors
Total Floor Area (m <sup>2</sup> )	Building footprint Area	Number of basements	Number of Mezzanines	Grade	Remarks

### Materials:

Walls	Mezzanines	Roofs	Columns	Joist/Girders	Remarks
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### Mitigation Measures:

Number of fire extinguishers	Number of sprinklers	Number of fire hose	Flood defense	Remarks
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### Status of use: (area in m<sup>2</sup>)

Administrative office	Academic classroom	Conference/ AVP room	Canteen	Clinic	Computer room
Laboratories	Library	Supply Room	Vacant	Rent/Usufruct	Others

# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

## STEP 3: BUDGET REQUEST

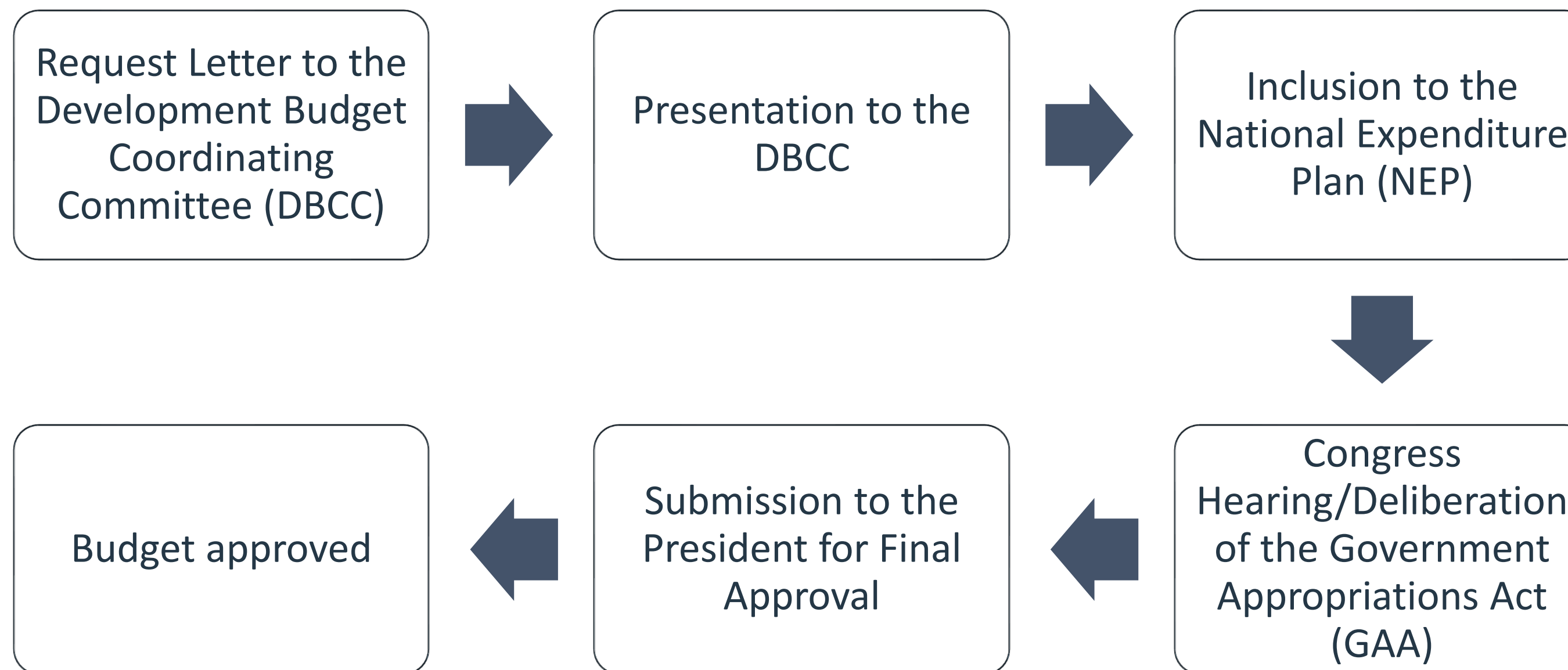
### RATIONALE

✓ National Government Program

### BUDGET GIVEN

✓ PhP 2B in 2019 and PhP 2B in 2020

### APPROACH



To release the budget, however, a Joint Memorandum Circular must be issued by the Department of Finance, Department of Budget and Management, and the State Insurer (GSIS)





# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

## STEP 4: MARKET RESEARCH

### RATIONALE

- ✓ Understand the market
- ✓ Know the options
- ✓ Look at international cases – sovereign, government, multi-national, private

### WHO DID WE APPROACH

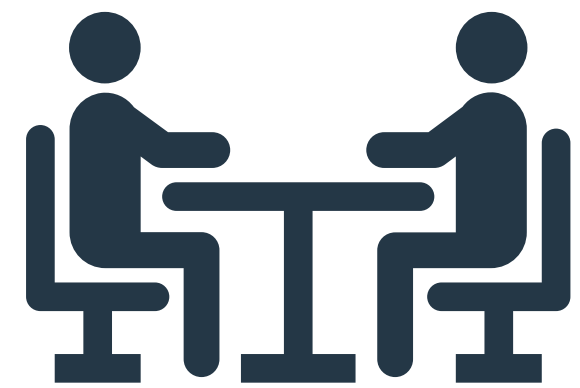
- ✓ International Development Partner – World Bank
- ✓ Top International Brokers

### PRESENTATION REQUIREMENTS

- ✓ Market Analysis
- ✓ Structure Options – with pros and cons and rationale
- ✓ Terms Sheet with indicative multiples and comparative analysis
- ✓ Execution Timetable
- ✓ Activities to be undertaken
- ✓ Company profile – including capitalization and capacity
- ✓ Past transactions of the company

# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

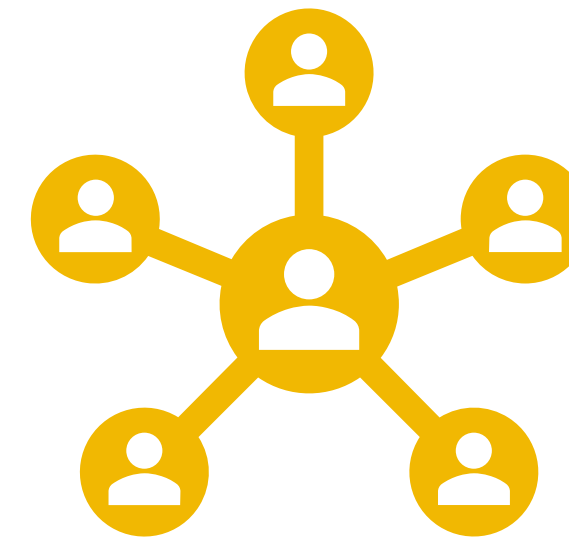
## INTERNATIONAL GOOD PRACTICES LEARNED



**Engagement of an International Broker.** The broker shall help in structuring the arrangement and placement of the account in the international re/insurance market.



**Transfer of Risk to the International Market.** The local market may not be able to absorb 100% of the risk. If the risk were not transferred to the international market, a major event may debilitate the local market.



**Securing of a Reinsurance Panel.** This would help tighten the pricing and diversify the portfolio.



**Engagement of an External Loss Adjuster.** For the timely and judicious settlement of claims. The external adjuster would concentrate their efforts on these assets, and not the entire portfolio of the State Insurer

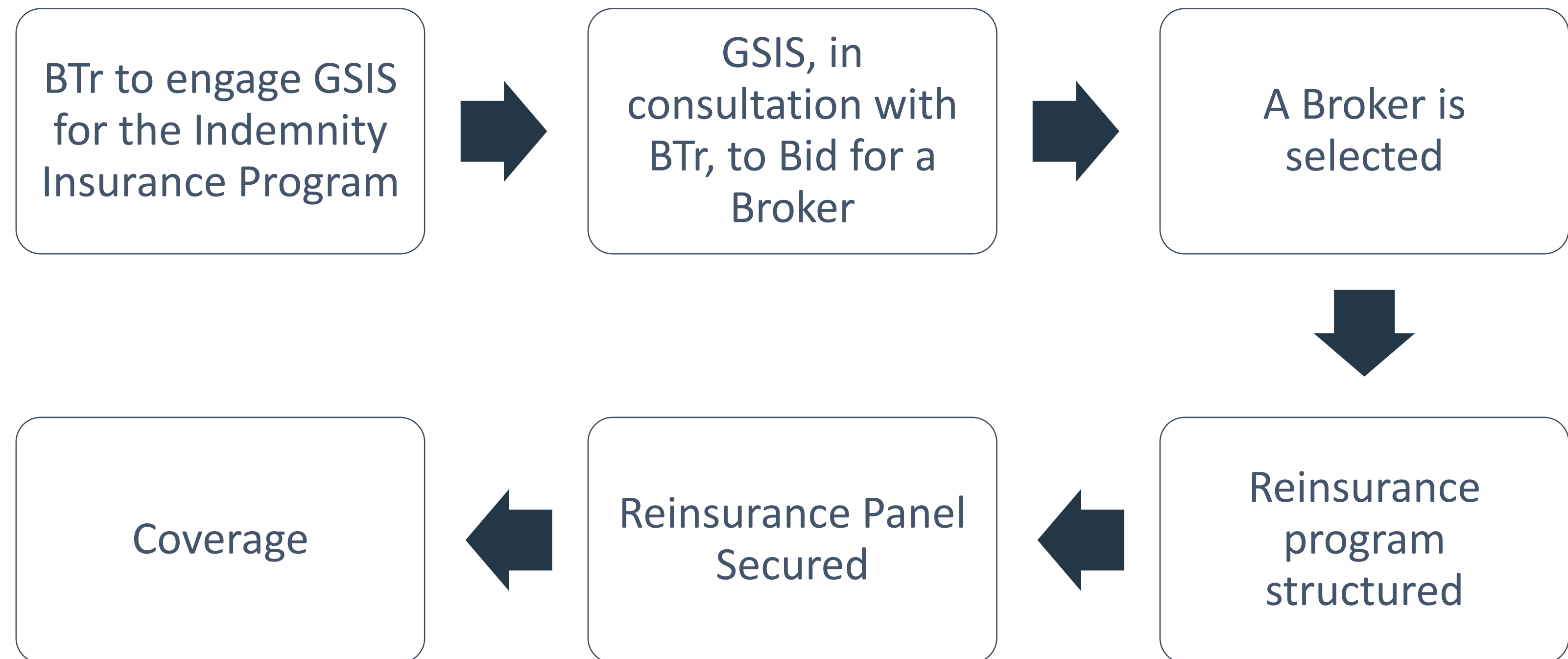
# ROAD TO CREATING A NATIONAL INDEMNITY INSURANCE PROGRAM

## STEP 5 AND BEYOND: PARTNERING WITH THE STATE INSURER

### BASIS

✓ Republic Act 656: All government assets to be insured by the state insurer – the Government Service Insurance System (GSIS)

### PROCESS FLOW



# CHALLENGES

## DATA CONSTRAINTS

### CHALLENGES

- ✓ Most agencies record only the book value of their assets
- ✓ Agencies do not have a centralized inventory

### SOLUTION

- ✓ Constant coordination with the agency in refining available data
- ✓ Coordination with the Department of Public Works and Highways for the standardized cost of building an asset (specified per asset type/location)

## LOCAL MARKET CAPACITY

### CHALLENGES

- ✓ Lack of financial capacity
- ✓ Limited experience with a National Program

### SOLUTION

- ✓ Setting of minimum requirements for the reinsurers to be chosen
- ✓ Broker to help advise, structure, and secure necessary reinsurance support

## COUNTERPARTY CONSTRAINT

### LEGAL FRAMEWORK

- ✓ RA 656: All government assets must be insured with the Government Service Insurance System

### CHALLENGES

- ✓ Additional layer of cost for the program
- ✓ Government insurer has not yet done a program this big

### SOLUTION

- ✓ Working with the Government Service Insurance System on a process flow for the National Indemnity Insurance Program
- ✓ Program would make use of a broker to help structure and secure reinsurance



# CHALLENGES

## PROCUREMENT

### LEGAL FRAMEWORK

- ✓ Republic Act 9184: All government procurement shall comply with the provisions of RA 9184

### CHALLENGES

- ✓ Stringent requirements
- ✓ Difficult for interested international parties to apply
- ✓ Provisions of RA 9184 not tailored to the process of selecting a reinsurance broker

### SOLUTION

- ✓ Request for modifications of the bidding documents from the Government Procurement and Policy Board (GPPB)
- ✓ Result: GPPB Resolution 10-2020
- ✓ Modifications: alternate eligibility documents, revised technical and financial proposal requirements



RESOLUTION NO. 10-2020

#### APPROVING THE PROPOSED BIDDING DOCUMENTS FOR THE PROCUREMENT OF CONSULTING SERVICES FOR THE NATIONAL INDEMNITY INSURANCE PROGRAM OF THE GOVERNMENT

WHEREAS, Republic Act (RA) No. 9184, otherwise known as the "Government Procurement Reform Act", took effect on 26 January 2003, while its 2016 revised Implementing Rules and Regulations (IRR) took effect on 28 October 2016;

WHEREAS, Section 63 of RA No. 9184 and its 2016 revised IRR authorizes the Government Procurement Policy Board (GPPB) to formulate public procurement policies, rules and regulations, and amend the IRR, whenever necessary;

WHEREAS, Section 3(c) of RA No. 9184 mandates that all procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or -controlled corporations, government financial institutions and local government units, shall, in all cases, be governed by, among others, the following principle:

Streamlined procurement process that will uniformly apply to all government procurement. The procurement process shall be simple and made adaptable to advances in modern technology in order to ensure an effective and efficient method.

WHEREAS, Section 6 of RA No. 9184 provides for the Standardization of Procurement Process and Forms, thus:

To systematize the procurement process, avoid confusion and ensure transparency, the procurement process, including the forms to be used, shall be standardized insofar as practicable. For this purpose, the GPPB shall pursue the development of generic procurement manuals and standard bidding forms, the use of which once issued shall be mandatory upon all Procuring Entities;

WHEREAS, Section 6.2 of the 2016 revised IRR of RA No. 9184 mandates procuring entities to use the Philippine Bidding Documents, thus:

Procuring Entities are mandated to use the Generic Procurement Manuals (GPMs), Philippine Bidding Documents (PBDs), and other standard forms of the GPPB. However, whenever necessary to suit the particular needs of the Procuring Entity, modifications may be made, particularly for major and specialized procurement, subject to the approval of the GPPB;

WHEREAS, Section 24.1(a)(iv) of the 2016 revised IRR of RA No. 9184 and Clause 2.1(a)(ii) of Section II Eligibility Documents of Part I of the PBD for Consulting Services require the statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents;

WHEREAS, Section 24.1(a)(vi) of the 2016 revised IRR of RA No. 9184 requires the consultant's audited financial statements, showing, among others, the consultant's total and current assets and liabilities, stamped "received" by the Bureau of Revenue (BIR) or its duly

GPPB Resolution No. 10-2020, dated 7 May 2020

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# Lessons Learned

**CAPACITY BUILDING**

**INSURANCE ≠ INVESTMENT**

**RETAIN VS. TRANSFER**

**ADAPT**

**EFFORT**

**TIME**



# INDONESIA'S steps in designing and implementing insurance for public assets



**ENCEP SUDARWAN**

Director of State Assets

Directorate General of State Assets Management – Ministry of Finance - Republic of Indonesia



# INDONESIA's Vulnerability to Disasters



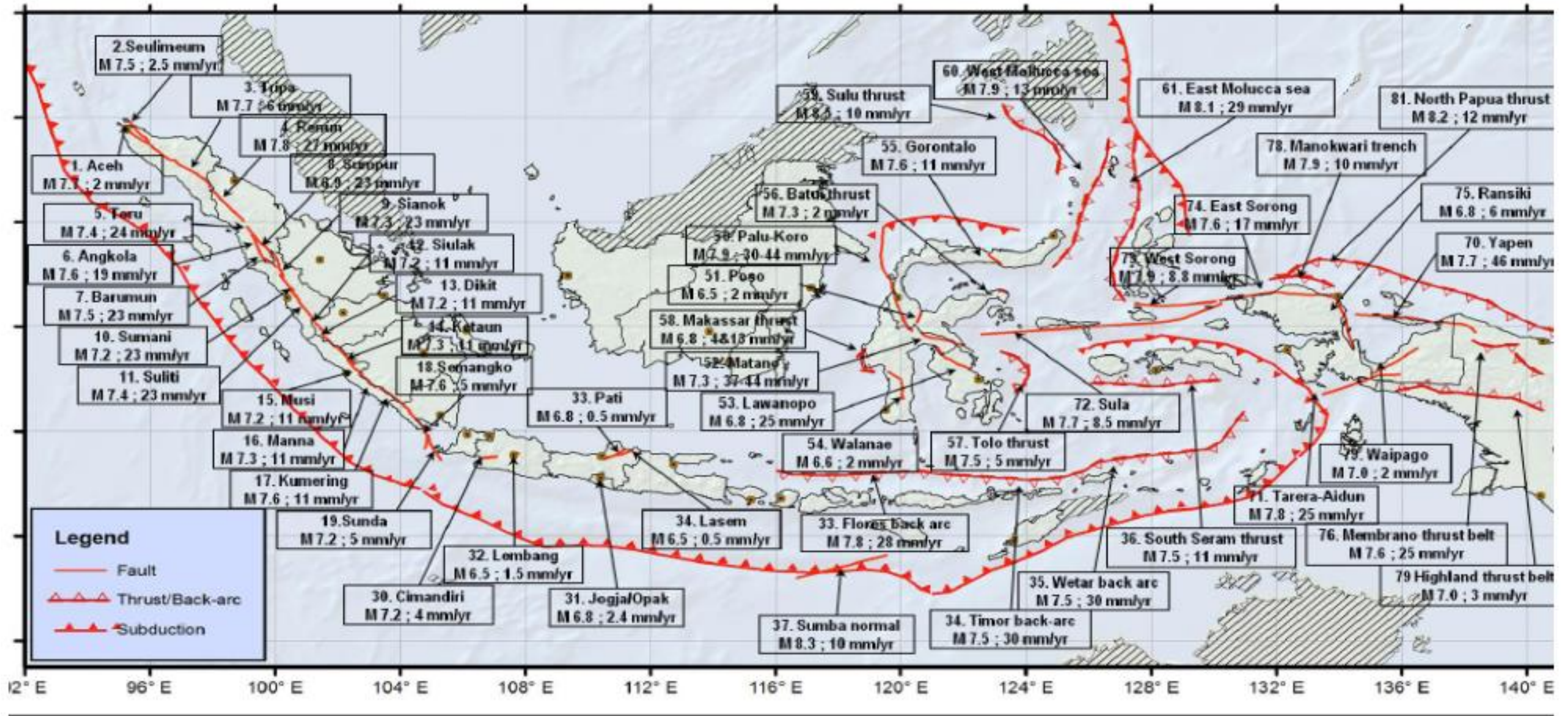
- Ranked 37th out of 180 high risk disaster countries (TheWorldRiskIndex2019)
- Have at least 10 catastrophic risks
- Located in the ring of fire area
- Almost all cities are in the red and yellow zones

1. Flood
2. Flash Flood
3. Extreme Weather
4. Extreme Wave & Abrasion
5. Earthquake
6. Land & Forest Fire
7. Drought
8. Volcanic Eruptions
9. Landslide
10. Tsunami

<p><b>MULTI HAZARD</b></p> <p>INDONESIA KAJIAN: RISK (SEDANG-TINGGI)</p> <p><a href="#">SAVE DATA</a></p>	<p><b>NUMBER OF PROVINCES</b> 34</p> <p><b>SIZE RISK (HECTARES) (HA)</b> 165.317.353</p>	<p><b>PEOPLE EXPOSED</b> 254.154.398</p> <p><b>PHYSICAL (IDR MILLION)</b> 670.151.346</p>	<p><b>ECONOMICS (IDR MILLION)</b> 481.898.858</p> <p><b>ENVIRONMENT (HECTARES)</b> 80.033.357</p>	<p><b>VULNERABILITY PARAMETER S:</b></p> <ul style="list-style-type: none"> <li>• POPULATION (BPS)</li> <li>• NUMBER OF HOUSING, PUBLIC FACILITIES, CRITICAL FACILITIES (BPS, BIG, PEMDA)</li> <li>• PORB (PEMDA)</li> <li>• LAND COVER (KLHK, BIG)</li> </ul>	<p><b>Risk Index</b></p> <p>0 0.3 0.6 1.0</p> <p>Low Moderate High</p>
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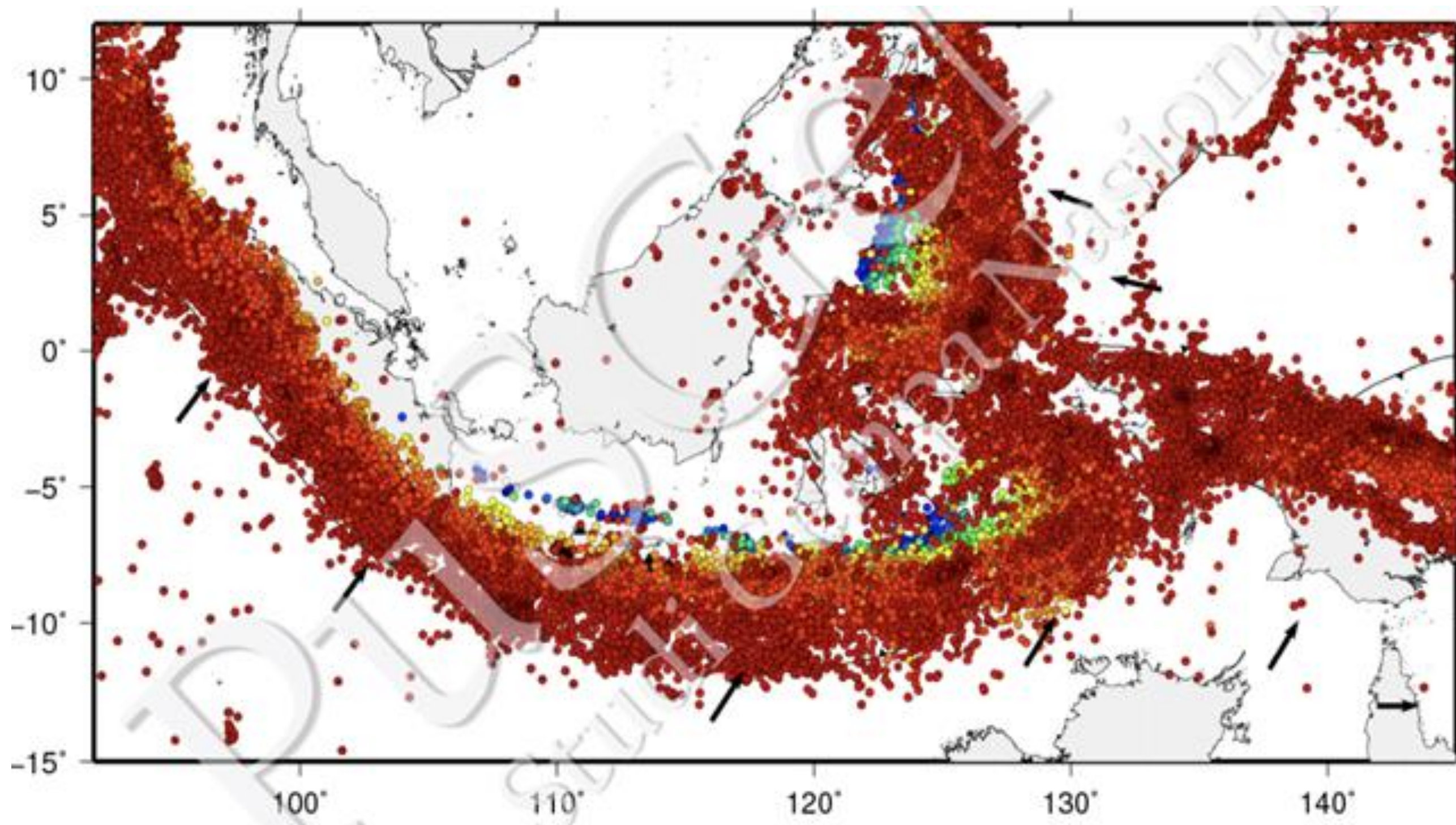
# Known Active Fault Lines in INDONESIA



2010 National Earthquake Hazard Map : 81 Active fault lines  
 2017 National Earthquake Hazard Map : 295 Active fault lines

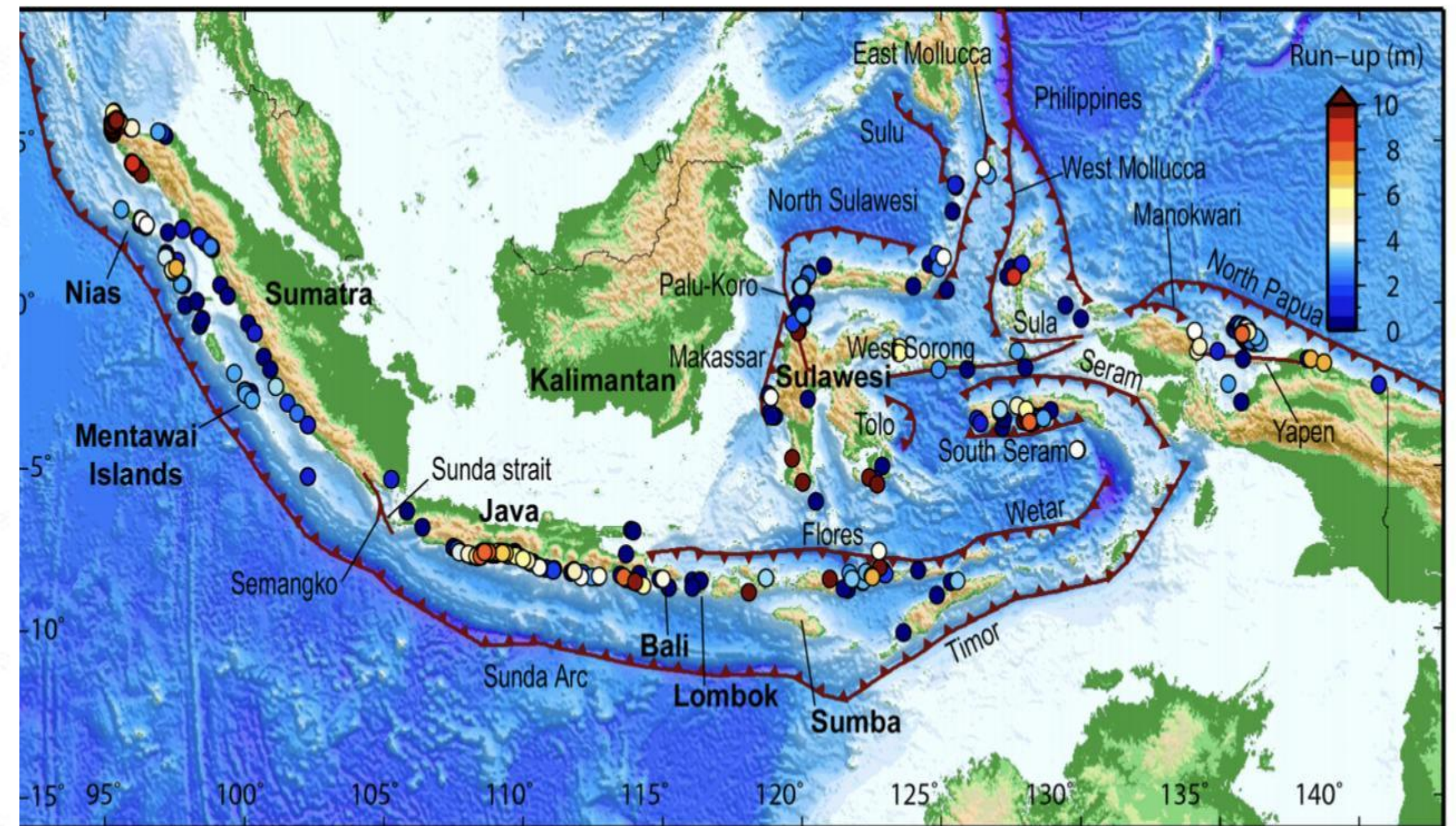


# Distribution of Earthquake & Tsunami Events



51,855 earthquakes with magnitude ( $M_w$ ) greater than 4.5 between 1907 to 2016

Source : Irsyam, 2017

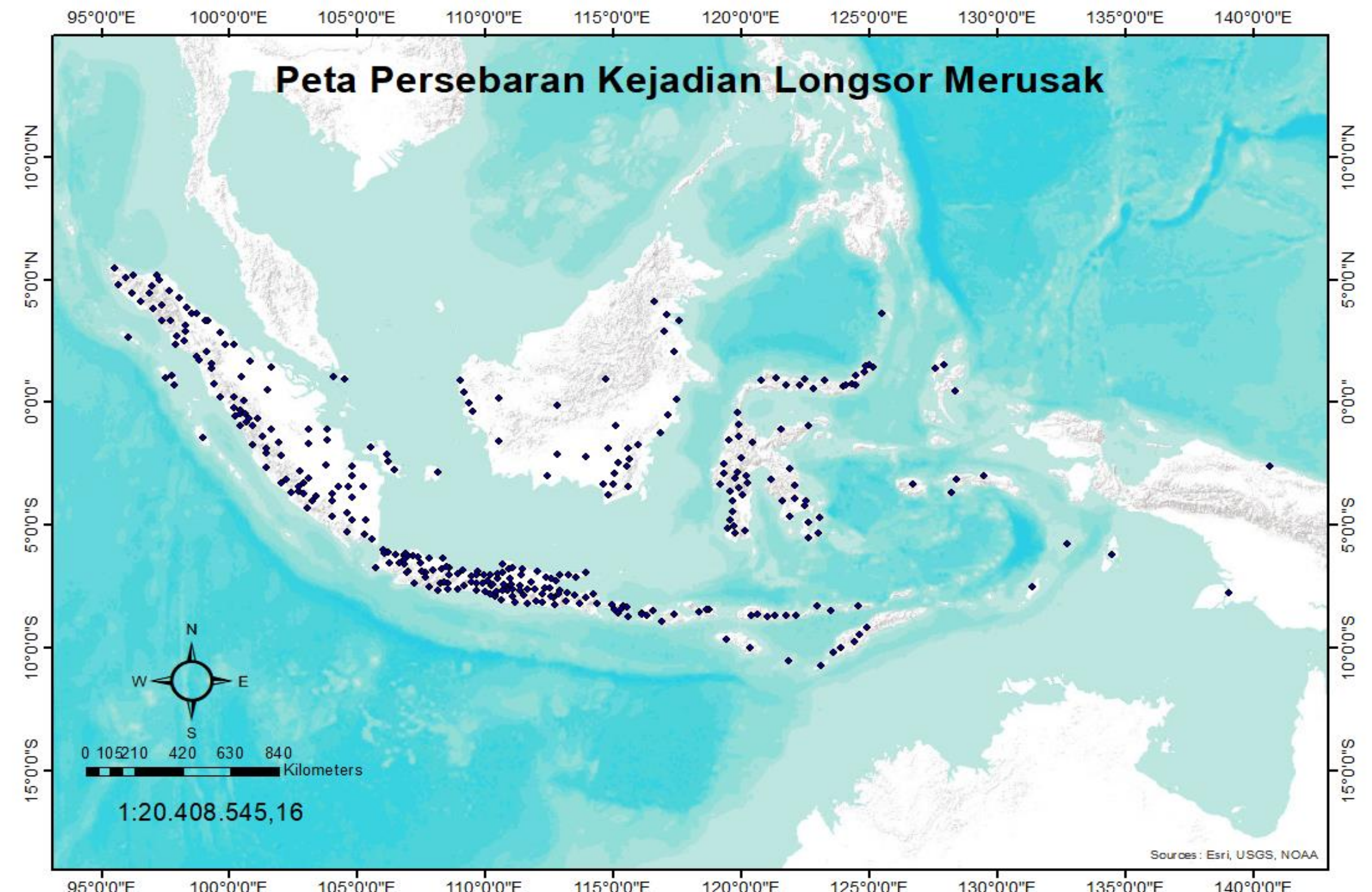
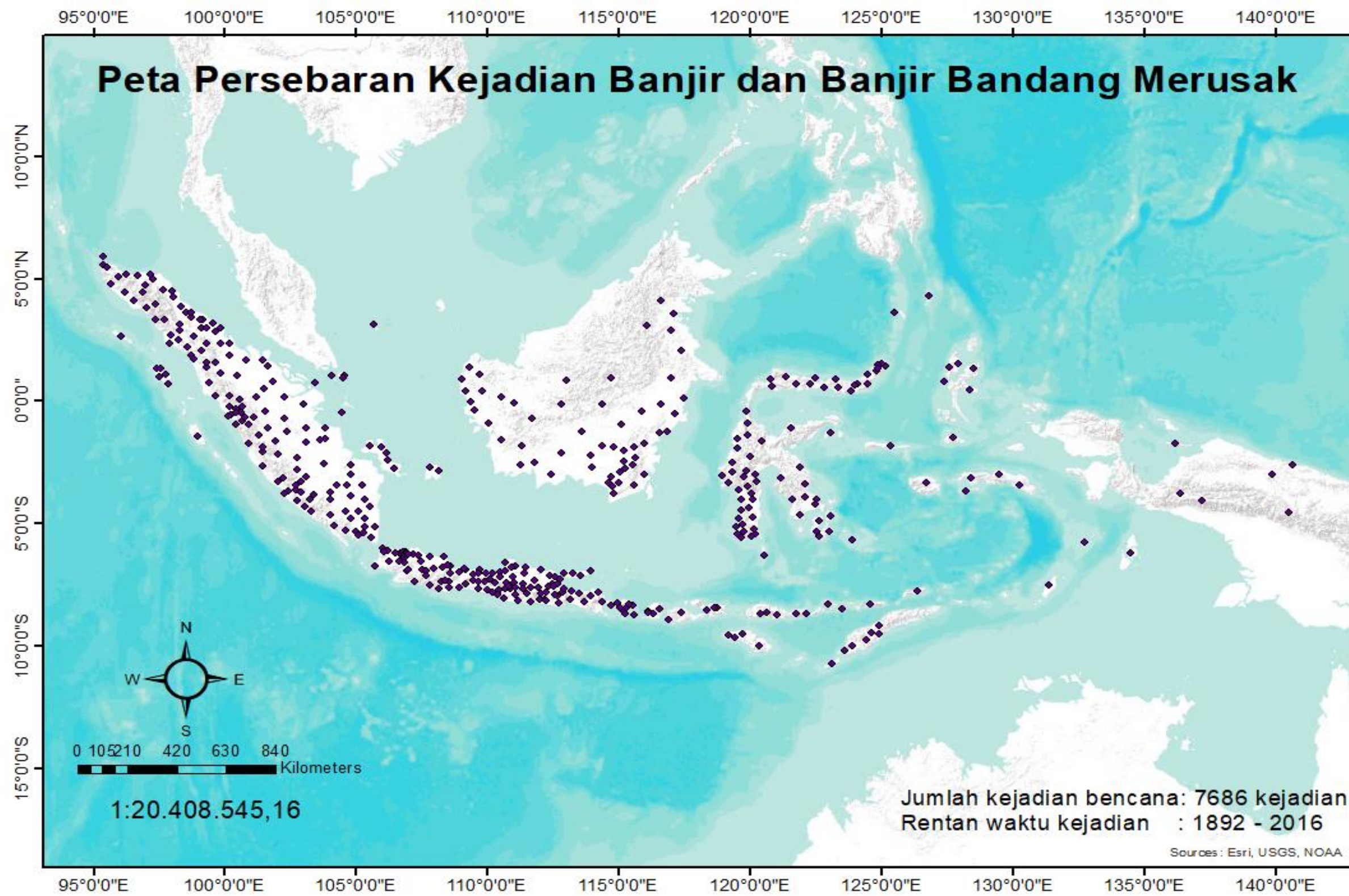


The height of tsunami run-up from observing past events

Source : Latief, 2000

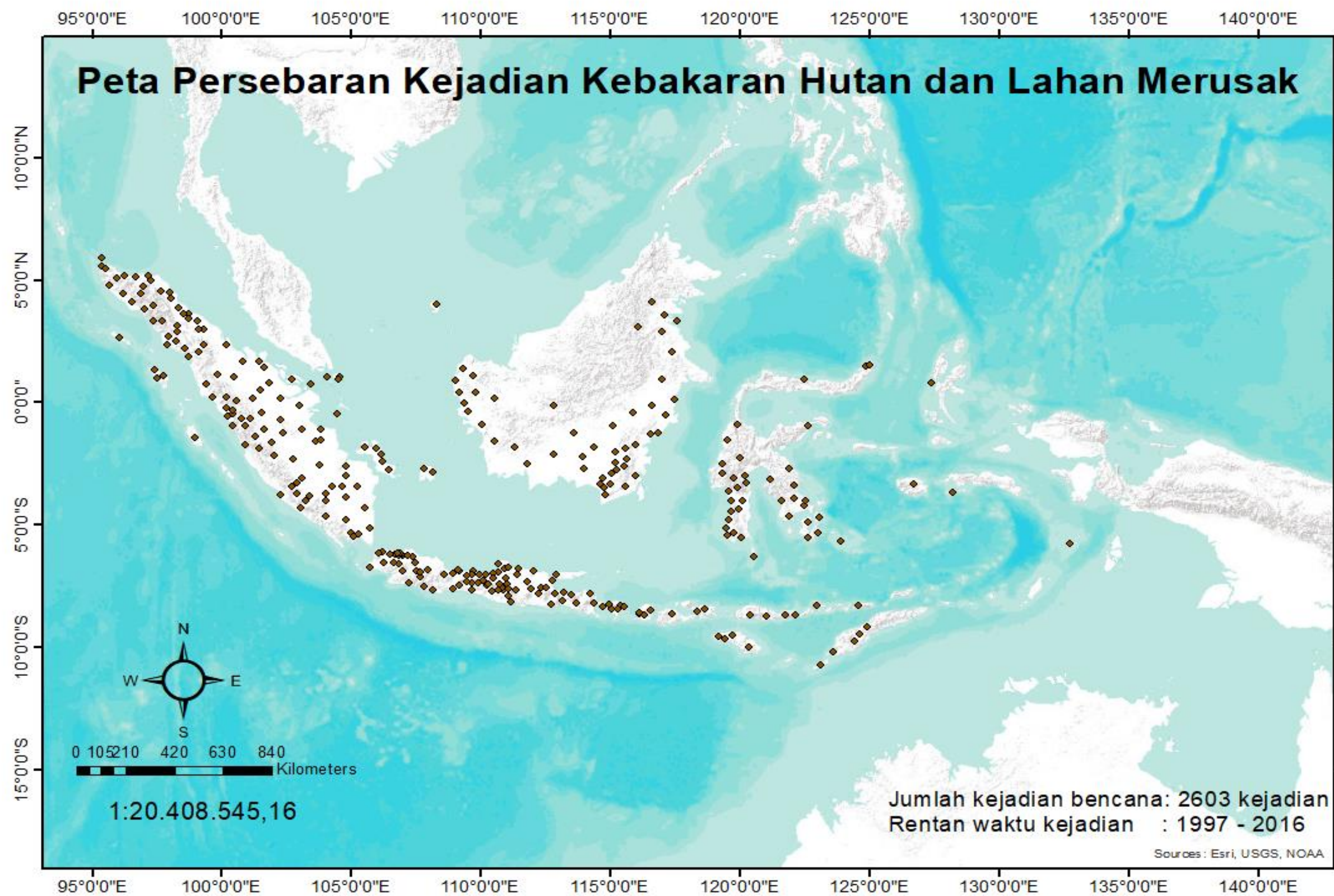


# Distribution of Flood & Landslide Events





# Distribution of Land Fire Events & WorldRiskIndex 2019 Overview



Classification	WorldRiskIndex	Exposure	Vulnerability	Susceptibility	Lack of coping capacities	Lack of adaptive capacities
very low	0.31 - 3.29	0.90 - 9.59	21.11 - 33.08	8.75 - 16.50	36.44 - 58.83	11.16 - 22.73
low	3.30 - 5.49	9.60 - 12.30	33.09 - 42.10	16.51 - 20.65	58.84 - 71.95	22.74 - 32.26
medium	5.50 - 7.51	12.31 - 14.73	42.11 - 47.91	20.66 - 28.43	71.96 - 78.62	32.27 - 38.94
high	7.52 - 10.61	14.74 - 19.61	47.92 - 61.79	28.44 - 45.05	78.63 - 84.65	38.95 - 51.52
very high	10.62 - 56.71	19.62 - 99.88	61.80 - 76.13	45.06 - 70.46	84.66 - 94.14	51.53 - 68.95

Max. value = 100, Classification according to the quantile method

Rank	Country	WorldRiskIndex	Exposure	Vulnerability	Susceptibility	Lack of coping capacities	Lack of adaptive capacities
1.	Vanuatu	56.71	99.88	56.78	35.32	84.36	50.66
2.	Antigua and Barbuda	30.80	69.95	44.03	23.38	76.65	32.05
3.	Tonga	29.39	61.41	47.86	28.19	79.92	35.47
4.	Solomon Islands	29.36	48.31	60.77	46.37	80.95	55.00
5.	Guyana	22.87	44.98	50.84	26.41	79.68	46.44
6.	Papua New Guinea	22.18	32.54	68.18	55.45	86.21	62.88
7.	Brunei Darussalam	21.68	57.62	37.62	15.26	67.14	30.45
8.	Guatemala	20.69	38.56	53.65	32.19	83.96	44.80
9.	Philippines	20.69	41.93	49.34	28.86	80.98	38.17
30.	Jamaica	11.91	26.18	45.51	24.60	74.70	37.22
31.	Chad	11.90	15.92	74.78	63.36	93.02	67.97
32.	Dominican Republic	11.72	25.39	46.18	24.59	77.59	36.36
33.	Honduras	11.39	21.43	53.14	31.76	83.48	44.18
34.	Burkina Faso	11.14	16.59	67.14	55.81	83.45	62.15
35.	Togo	10.99	16.72	65.72	55.55	86.23	55.38
36.	Mali	10.73	15.69	68.38	50.54	87.72	66.88
37.	Indonesia	10.58	21.20	49.93	26.63	79.71	43.44
38.	Angola	10.56	15.93	66.30	52.85	88.46	57.58
39.	Madagascar	10.49	15.12	69.37	65.61	86.50	56.00



# DISASTERS IN INDONESIA 2020

Until 23<sup>rd</sup> August 2020 at 03.00 PM, recorded the number of disaster events as much as 1,866 events. The predominant natural disasters are floods, followed by tornadoes and landslides. Natural disasters affected and displaced 3,816,000 people, while 290 people died and disappeared, and 412 were injured. Besides natural disasters, on April 13, 2020 the government determined the spread of Covid-19 as a non-natural National Disaster.

## DISTRIBUTION OF DISASTER EVENTS 1<sup>ST</sup> JANUARI - 23<sup>TH</sup> AUGUST 2020



**DISASTERS ACCURRENCE IN 2020**  
Period 1<sup>st</sup> January - 23<sup>rd</sup> August 2020

# 1,866

### NUMBER OF EVENTS PER TYPE OF DISASTER IN 2020

#### BENCANA ALAM

EARTHQUAKE	12
VOLCANO ERUPTION	4
FOREST AND LAND FIRES	216
DROUGHT	16
FLOODS	722
LANDSLIDE	363
TORNADO	508
TIDE AND ABRASION	24

#### BENCANA NON ALAM

EPIDEMY COVID-19	1
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### IMPACT OF DISASTERS PERIOD 1<sup>ST</sup> JANUARY - 23<sup>TH</sup> AUGUST 2020



### DAMAGE CAUSED NATURAL DISASTER IN 2020

DAMAGED HOUSES  
TOTAL 29,766

- 6,364 HEAVILY DAMAGED
- 4,442 MODERATELY DAMAGED
- 18,960 SLIGHTLY DAMAGED

OFFICES AND BRIDGES WERE DAMAGED

126 DAMAGED OFFICES

329 DAMAGED BRIDGES

DAMAGED FACILITIES  
TOTAL 1,315

- 554 EDUCATION FACILITIES DAMAGED
- 637 WORSHIP FACILITIES DAMAGED
- 124 HEALTH FACILITIES DAMAGED

### DISASTER IMPACT NON NATURAL THE COVID-19

**153,535** CONFIRMED COVID-19  
**6,680** DEATH CASES  
**107,500** NEGATIF CASES



# INDONESIA's Current Experience

## Three Big Natural Disasters

3 (three) characters of Natural Disaster:

1. Earth Quake with serial shock at Lombok
2. Earth Quake with 2 sub risks (tsunami, liquefaction) at Palu - Donggala
3. Tsunami caused by rupture of some body part of Mount Anak Karkatau at Sunda Strait



**LOMBOK**  
Agustus 2018



**PALU – DONGGALA**  
September 2018

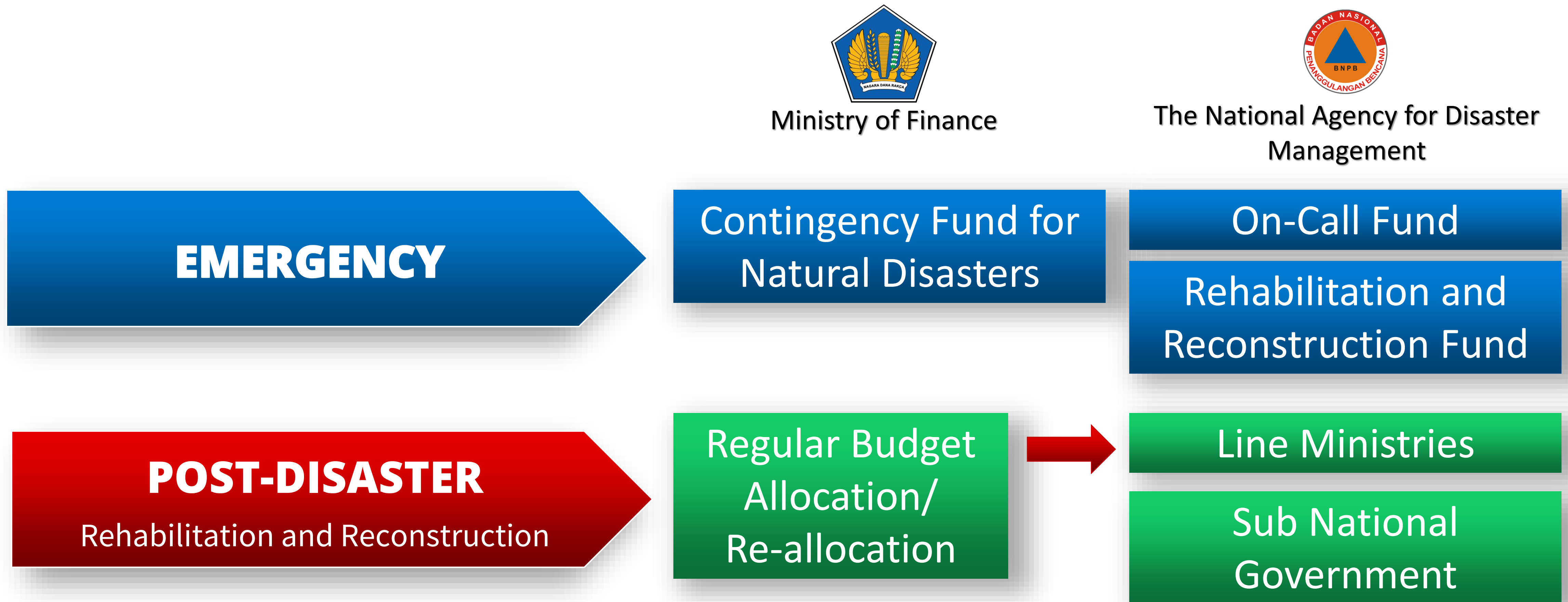


**SUNDA STRAIT**  
December 2018

Three Big Natural Disasters with high destructive impacts during second semester 2018

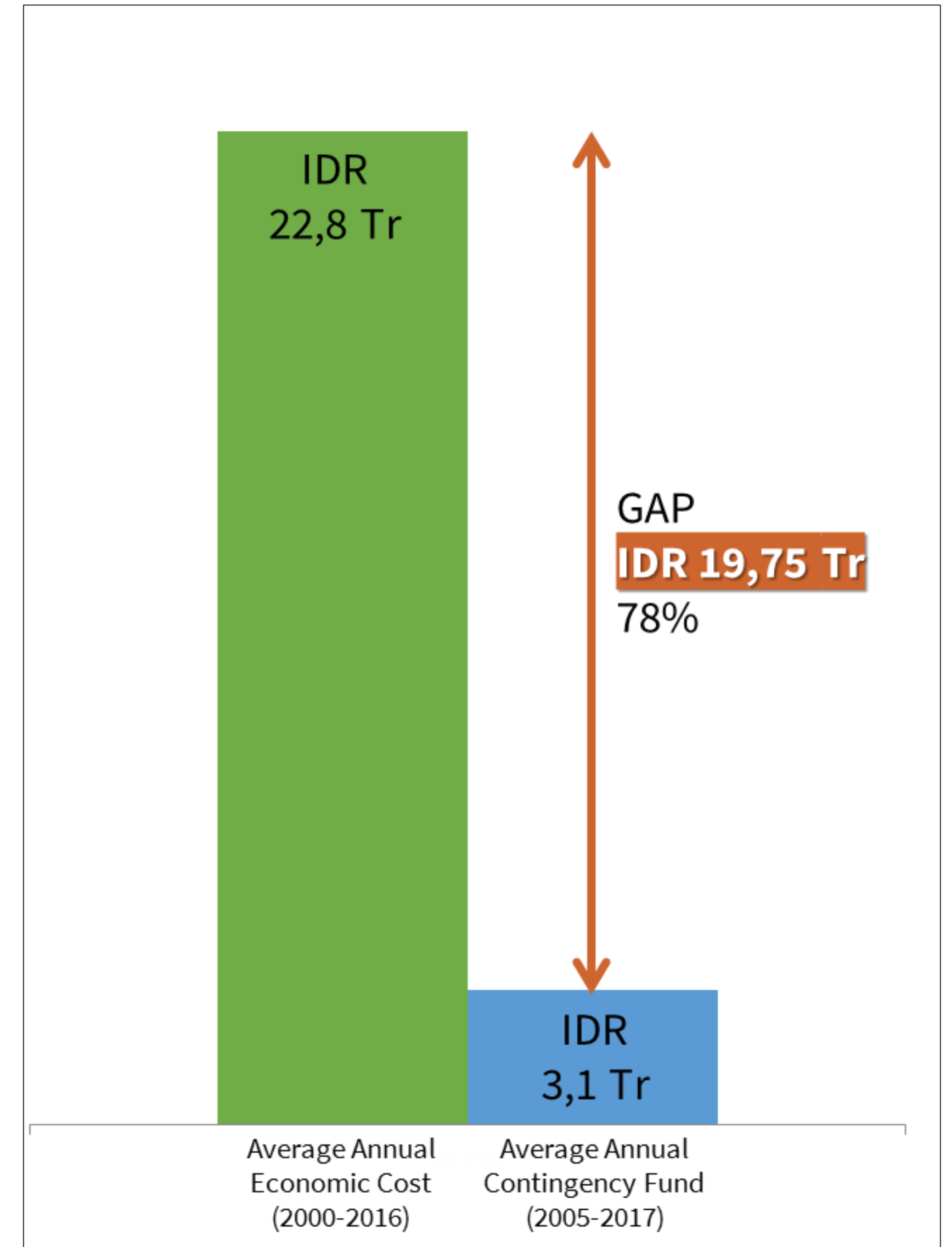
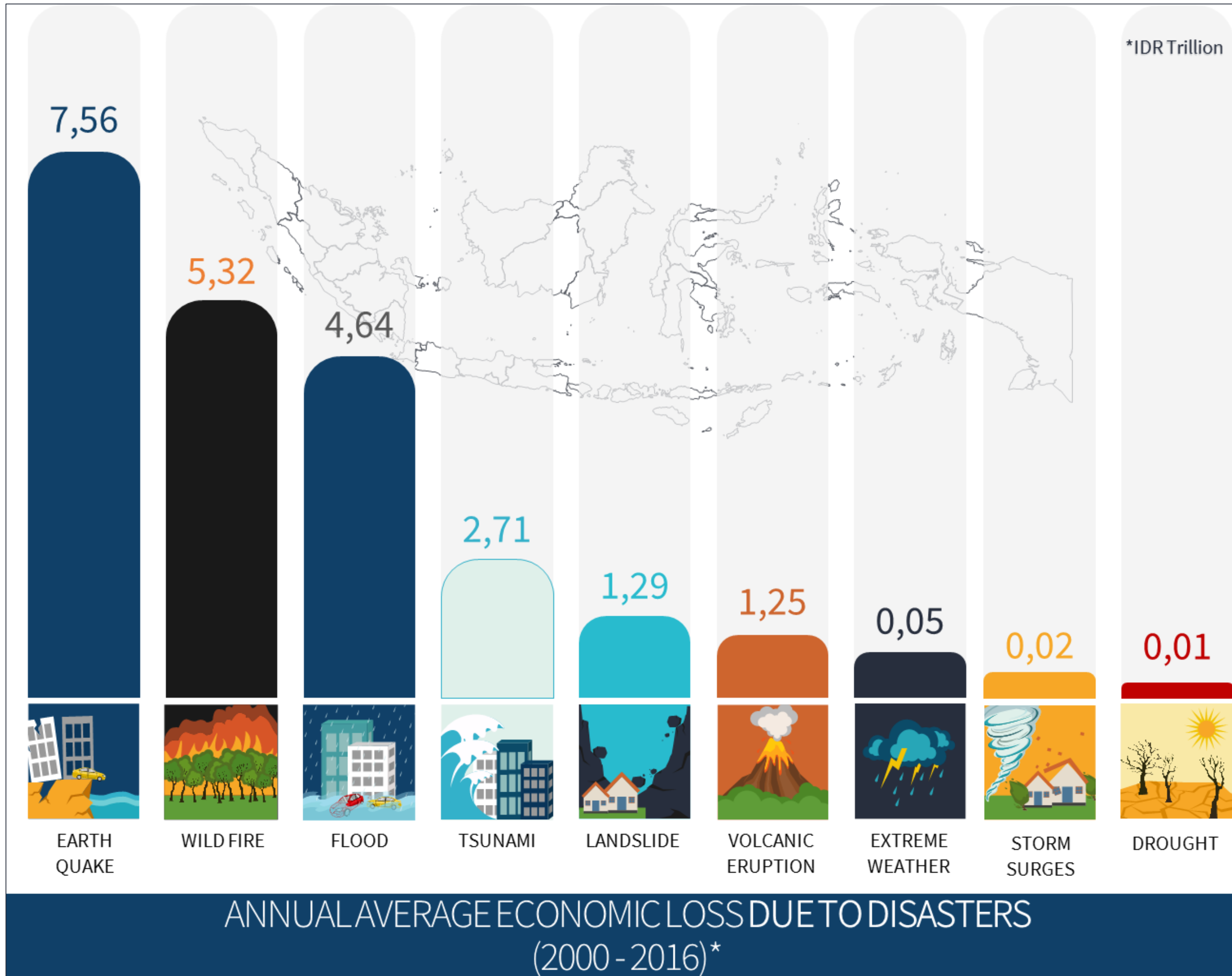
It tells that our knowledge is limited for the risks at our fences

# Disaster Financing: Before DRFI Strategy





# Financing Gap

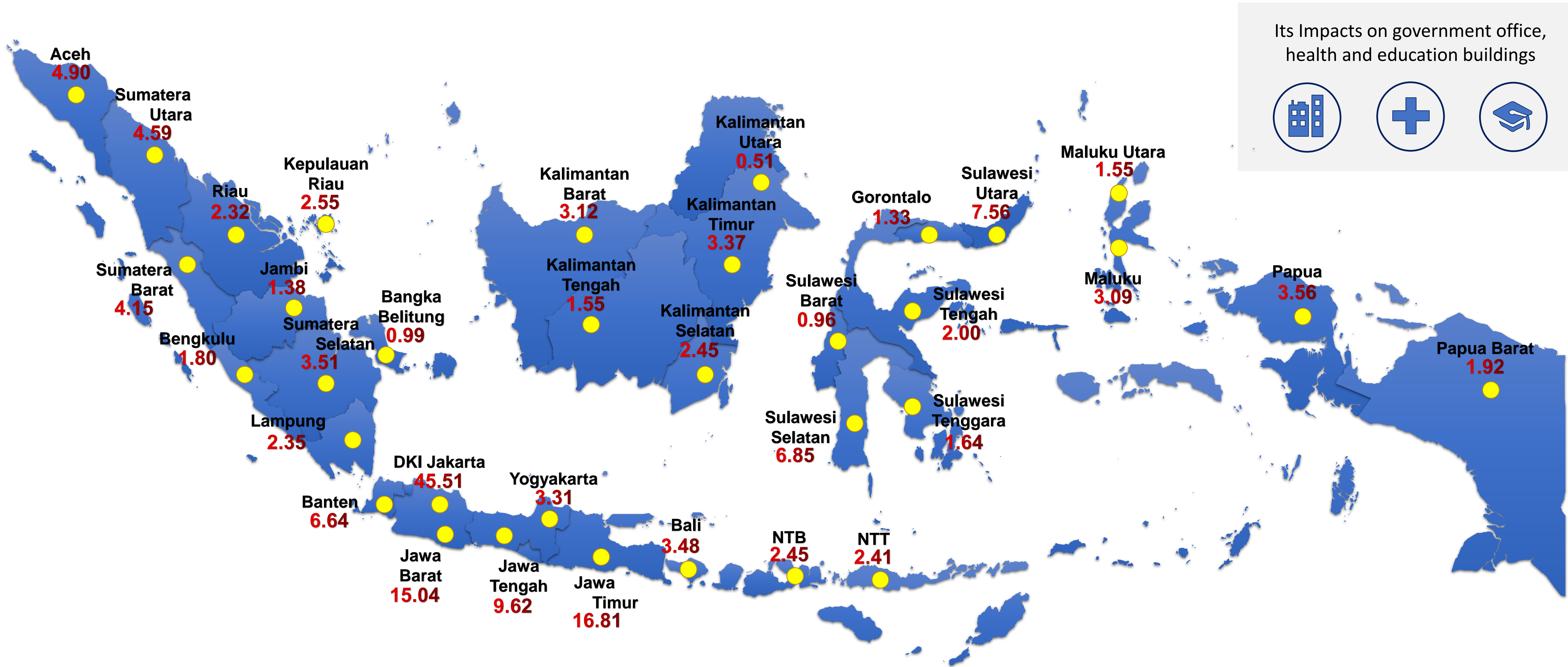




# Disaster Risk Scenario

The Potential Losses caused by Multi Hazard

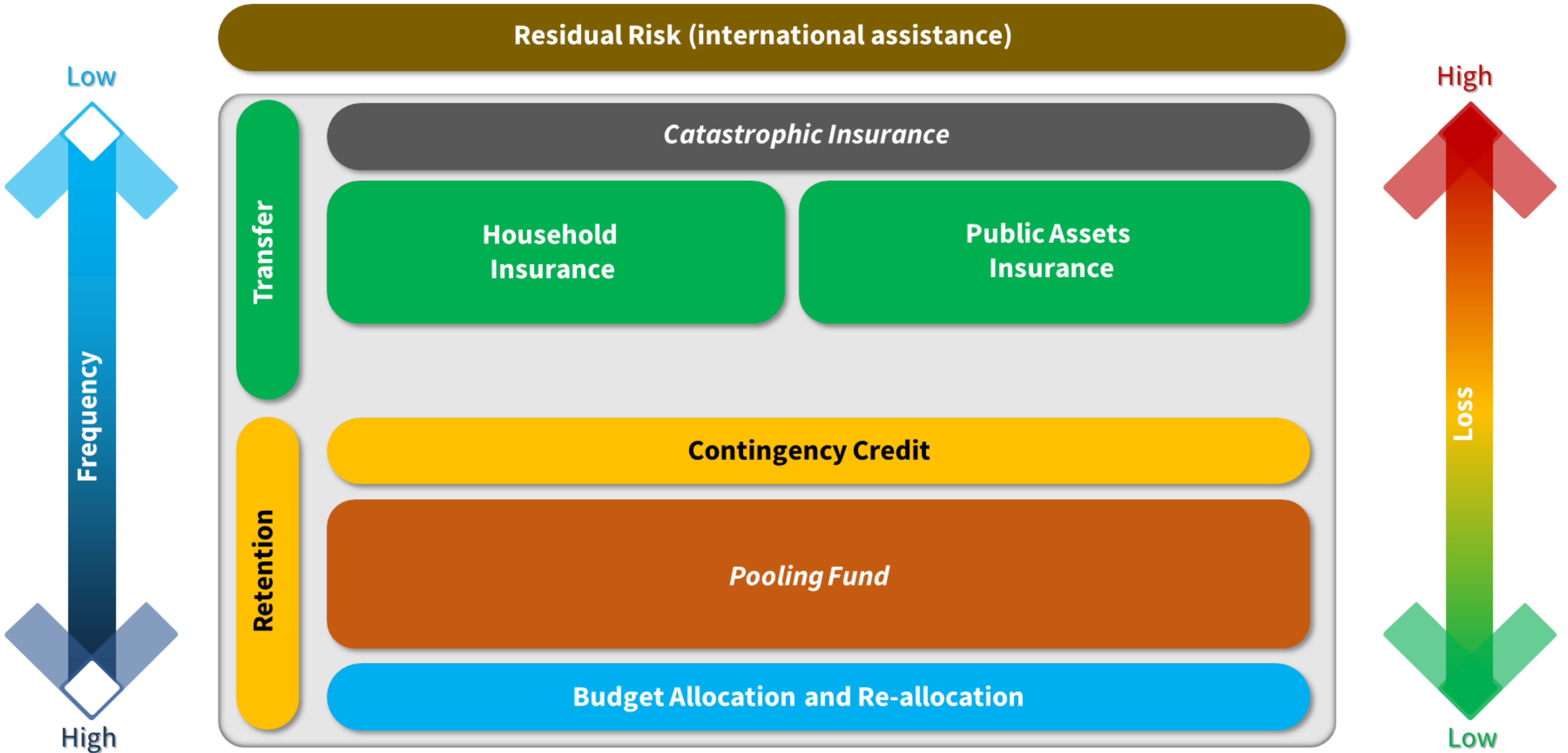
In IDR Trillion



Its Impacts on government office, health and education buildings



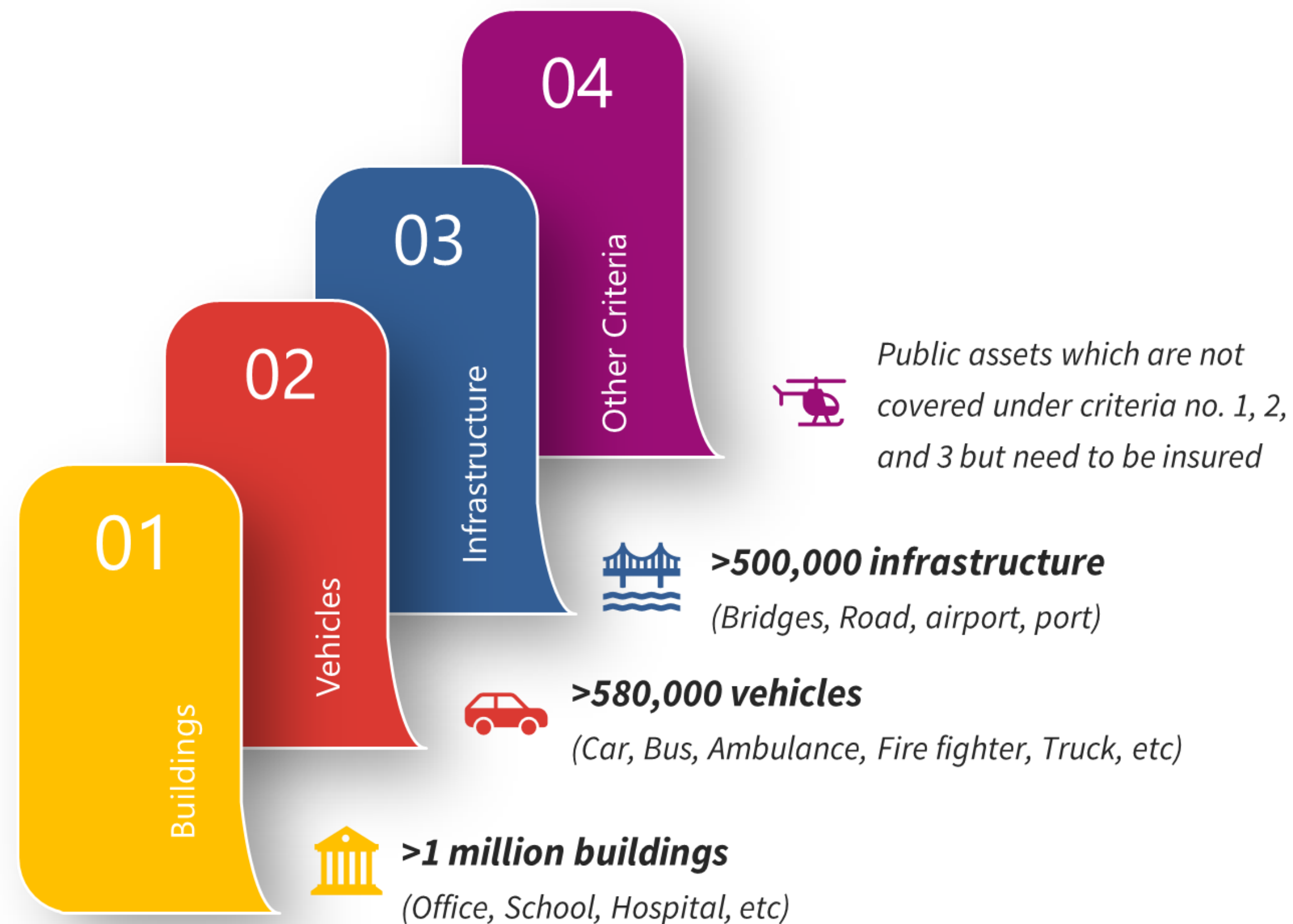
# DRFI Strategy



# INDONESIA's Experience

## State Assets Insurance Policy Phase I (2016)

Ministry of Finance Decree PMK Number 247/PMK.06/2016  
regarding State Asset Insurance



at **24,000 Government offices**

This regulation should be implemented in 2018.  
However, there are some shortcomings that  
must be improved.



# INDONESIA's Experience

## State Assets Insurance Policy Phase II (2019)

Ministry of Finance Decree PMK Number 97/PMK.06/2019  
regarding State Asset Insurance

**IMPROVE THE POLICY**  
BY INVOLVING VARIOUS PARTIES (2017 -2019)



**Fiscal Policy Agency (BKF) - DJ Budget (DJA) & DJ Treasury (DJPb)**

to develop appropriate policies related to disaster financing



**Financial Services Authority (OJK) , Insurance Industry Association (AAUI), Business Competition Supervisory Commission (KPPU), National Public Procurement Agency (LKPP)**

establish insurance products, standard policies, institutions, and premium rates that are suitable for state assets and appropriate procurement methods that do not violate business competition.



**National Board for Disaster Management (BNPB) & Researcher / Academic In Disaster Field (ITB)**

built a database of disaster risk areas

## RESULTS

### Insurance Procurement

Implemented only at the ministry, not at the government office unit. With the umbrella contract procurement method.

### Provider: Insurance Consortium

All insurance companies in Indonesia joined in one insurance consortium. And choose one company as a policy issuer.

### Object: Building

Which has an impact on public services and governance tasks. Especially office buildings, education buildings and hospitals

### Premium: One Rate

Tariff of 1.961 per mil for all types of perils in all regions of Indonesia

### Product: State Asset Insurance (ABMN)

State asset insurance is Property All Risk (PAR) with expansion of guarantees including earthquakes, volcanoes, tsunamis, floods, typhoons, landslides and risks of sabotage and terrorism



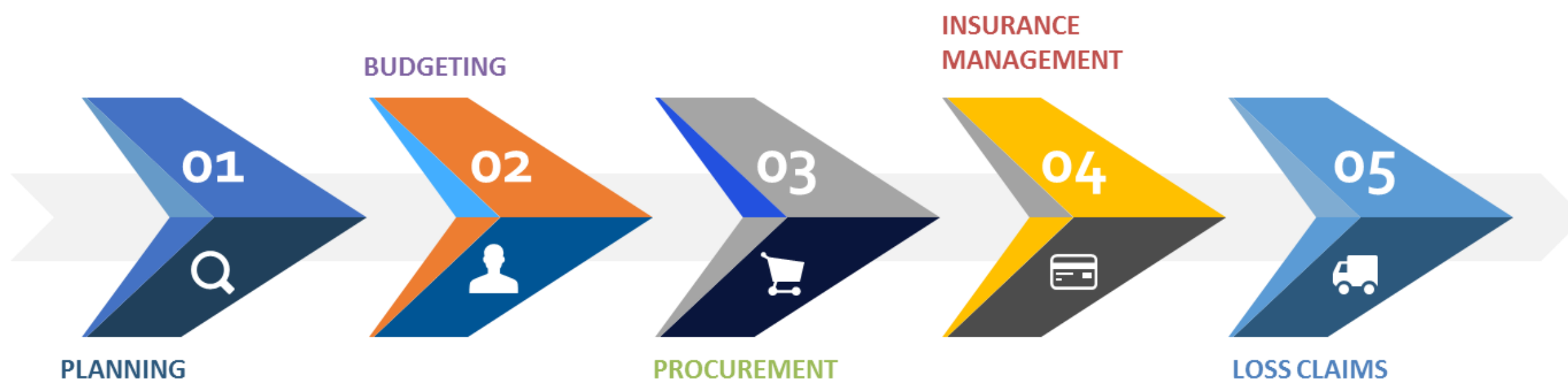
# INDONESIA's Experience

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### RESULTS

#### State Assets Insurance Process



#### Mechanism For Replacing Asset Losses



# INDONESIA's Experience

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### IMPROVE THE QUALITY OF STATE ASSET DATABASE (2017 – 2019)



**Inventory** of all fixed assets including buildings and infrastructure, so that the data presented is up to date and the data quality has been validated.



**Revalue** all fixed assets including buildings and infrastructure, so that the value of the assets presented is the latest value and can be used for insurance.



**Develop Applications** to support the implementation of state asset insurance

### STANDARD ACCOUNT CHART: ACCOUNT FOR FINANCING AND CLAIM REVENUE



**Insurance Premium Costs:** part of the standard account chart for recording insurance premium payment costs



**Insurance Claim Income:** part of the standard account chart for recording income from insurance claims

### IMPLEMENTATION OF STATE ASSET INSURANCE (2019 - NOW)



State asset insurance is implemented only at the **Ministry of Finance** (1,360 assets)



State asset insurance is being implemented at **10 ministries**, including the Ministry of Finance (4,643 assets can be insured)



State asset insurance will be implemented in **all ministries/agencies**



# INDONESIA's Experience

## Types of Buildings That Can Be Insured

In IDR Trillion

### VARIOUS TYPES OF BUILDINGS THAT CAN BE INSURED

Types	Amount	Asset Value
State-Owned House/Mess/Dormitory	245.178	89,3
Office	58.038	128,4
Other Workplaces	57.129	31,1
Education Building	38.193	41,6
Fence Building	22.606	7,3
Guardhouse	17.347	1,5
Parking/Garden/Jogging Area	16.977	12,3
Warehouse	14.229	6,1
Laboratory	7.091	9,6
Health Building	5.549	17,6
Other Buildings	18.102	27,1
<b>Total</b>	<b>500.439</b>	<b>371,9</b>

### PILOTING THE IMPLEMENTATION OF STATE ASSET INSURANCE (MoF Decree No. 118/KMK.6/2020)



Office  
Building

58.038 units, with a value of 128,4 T



Health  
building

5.549 units, with a value of 17,6 T



Education  
building

38.193 units, with a value of 41,6 T



# INDONESIA's Experience

Actual Claims 2020

## Flood in Jakarta (01/01/2020):

- 1) Cibinong Tax Office
- 2) South Bekasi Tax Office
- 3) North Bekasi Tax Office
- 4) Cibitung Tax Office
- 5) Laboratory at the Goods Testing & Identification Center, Customs

**Total Claims : 345,46 million**

## Flood in Jakarta (23-25/02/2020) at Customs Education and Training Center

**Total Claims : 242,89 million**





# State-Asset Insurance (ABMN)

comparison of several standard policies with PSABMN

COVERAGE	PSAKI	PAR	PSABMN
FLEXAS	✓	✓	✓
Strike, Riot & Civil Commotion	✗	✗	✓
Terrorism & Sabotage	✗	✗	✓
Water Damage	✗	✓	✓
Flood	✗	✓	✓
Typhoon, Windstorm etc	✗	✓	✓
Land slide	✗	✓	✓
Earthquake	✗	✗	✓
Tsunami	✗	✗	✓
Volcanic Eruption	✗	✗	✓
Other Perils as not excluded	✗	✓	✓



# Consortium of State Assets Insurance (KABMN)

The Indonesian General Insurance Association (AAUI) on July 7, 2019 formed a Konsorsium Barang Milik Negara (Consortium of State Property Insurance / KABMN) consisting of 52 General Insurance Companies and 6 Reinsurance Companies. This consortium has a total capacity of Rp1.39 trillion.

All companies that are members of the KABMN have fulfilled the requirements by the Ministry of Finance, having a minimum of Rp150 billion as own capital, having a minimum RBC of 120% and a minimum liquidity ratio of 100%.

In the KABMN, there are two parties in this Consortium that have their respective functions, namely the administrator and policy issuer. The task of the administrator is the party that manages all matters relating to the internal administration of the Consortium both technical and non technical. While the policy issuer functions to take care of the administration of policy and claims issuance with the insured.

## Reinsurance Pool

## Members

- 50 Insurance Companies & 6 Reinsurance Companies

## Capacity

- 1,39 trillion IDR

## Pool Administrator

- PT. Reasuransi Maipark Indonesia

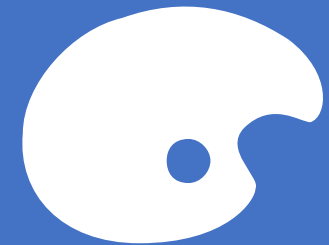
## Policy Issuer

- PT. Asuransi Jasa Indonesia



# INDONESIA's Next Step

State Assets Insurance Policy Phase III



## ACCELERATING THE IMPLEMENTATION

Conduct campaigns in various forms, such as workshops and online training.



## EXPANDING COVERAGE

Not only buildings, but the insurance of state assets will be extended to infrastructure and vehicles.



## STRENGTHENING INFORMATION SYSTEMS

The development of information systems is not only to help insure state assets but also for analytical data



## IMPLEMENTING POOLING FUND

The insurance of state assets is one of the mechanisms developed in Indonesia, we also use other mechanisms in the DRFI concept



## Contact Us

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to Corruption

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# Panel Questions and Answers



**USE THE Q&A  
FUNCTION**

# Part 2 webinars and fact sheets: improvements to our program

- Survey to get your feedback for continuous improvement
- Opportunities to interact with guest speakers in smaller group setting
- Training Participation Certificate by the World Bank



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SURVEY IN THE INVITE  
DEADLINE TOMORROW!**



# Future webinar schedule

Topic	Tentative webinar date
<b>Summer Special 2: Effective stakeholder engagement</b>	<b>03-Sep</b>
<b>Developing and leveraging domestic and international markets</b>	<b>17-Sep</b>
<b>Pooling and mutual options for public assets insurance</b>	<b>01-Oct</b>
<b>Managing insurance programs</b>	<b>14-Oct</b>
<b>Innovation and the future for public assets insurance</b>	<b>05-Nov</b>

# Thank you



# SEADRIF

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DISASTER RISK INSURANCE FACILITY



An ASEAN+3 Initiative  
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Disaster Risk Financing  
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