

## **Press Release**

**Jakarta, August 24, 2006**

### **Allianz offers microinsurance for low-income households in Indonesia**

**Allianz is entering the microinsurance market in Indonesia. During a first pilot project, low-income families will be provided with basic life insurance. For most of them it is the first time ever to own an insurance.**

With its first ever microinsurance product, Allianz aims to bridge the wide gap between demand and supply for microinsurance in Indonesia. This gap was revealed by a recent microinsurance market study done by Allianz in cooperation with GTZ (German Technical Cooperation) and UNDP (United Nations Development Programme)

Currently, only 5 million of the 238 million Indonesians have an individual life insurance. Only about 20 million more are covered by group schemes. Despite these low numbers the UNDP-GTZ-Allianz market study shows that a high demand for insurance among low-income households in Indonesia exists. However, the study also points out that conventional insurance is simply too expensive for the great majority of the Indonesian population, around half of which still has to survive on USD 2 or less per day.

#### **Payung Keluarga - Life Insurance for IDR 6,000**

"Payung Keluarga" (literally "Family Umbrella"), the microinsurance product currently tested in a one-year pilot project offers life insurance for as little as IDR 6,000 (USD 0.66) per year.

Essentially, "Payung Keluarga" provides credit life insurance plus additional benefits for credit customers. First of all, the outstanding balance of the credit is waived in the event of death of the loan taker. This way the family will not be burdened with continuing to pay back the loan. As additional benefit, the family receives two times the original loan amount. This additional benefit helps the low-income family to easier overcome the financial crisis after the death of the breadwinner.

Distribution, premium collection and even claim settlement of "Payung Keluarga" is largely handled by experienced business partners from the microfinance industry such as Microbanks (BPRs), Savings & Credit Cooperatives and NGOs. The loans that these institutions disburse to their low-income customers usually range from IDR 500,000 to IDR 10 million (USD 55 to USD 1,100)

Jens Reisch, President Director of Allianz Life Indonesia, is confident that "Payung Keluarga" will be beneficial for all involved: "With Payung Keluarga low-income households receive a level of protection they have never enjoyed before. Allianz' usual premium rates of at least IDR 100,000 (USD 10.50) per month are beyond these customers' reach. Now, Payung Keluarga is much cheaper. For many customers, it will be their first insurance ever. Moreover, the benefit for our

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business partners is the protection of their credit portfolio against catastrophic risks.”

”Allianz itself”, Jens Reisch continues, ‘pursues three goals with its first microinsurance pilot in Indonesia: Firstly, we are testing a new potential market segment that can greatly enlarge our customer base. Secondly, we are supporting the government’s drive to provide access to insurance for a much larger range of people in Indonesia. Last but not least, microinsurance is a good way to combine corporate responsibility with a business opportunity”

One group policy covering 18,500 credit customers has already been issued to a Credit and Savings Cooperative in Tangerang. Within the next twelve months Allianz plans to achieve a total number of 50,000 insureds.

The success of this one-year pilot project will not only be monitored by Allianz and its business partners, but also by GTZ. GTZ, which has more than twenty years of experience in the microfinance sector in Indonesia has also assisted during product development and identification of potential pilot partners.

Upon successful conclusion of the pilot project, Allianz plans to establish microinsurance as a permanent business activity to complement its existing products ranging from life and health insurance to pension and saving plans.

### **About Allianz**

The Allianz Group is a leading global provider of insurance and financial services with operations in more than 70 countries, and employing over 173,000 staff. The Group serves more than 60 million customers worldwide, including close to half of all Fortune 500 companies.

PT Asuransi Allianz Life Indonesia was established in 1996, and offers life and health insurance solutions, unit link products and the pension plans (DPLK) for individuals as well as corporate customers. Today, PT Asuransi Allianz Life Indonesia operates a wide network of more than 70 agency offices throughout Indonesia in more than 43 cities, supported by 6000 financial consultants dedicated to serving some 280,000 policyholders. PT Asuransi Allianz Life has already grown substantially over the past twelve months, having increased its premium income in 2005 by 40% compared to the same period last year.

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