

**PARTNER** ▶  
**PROFILES**



**EARTHQUAKE INDEX  
INSURANCE**  
**Indonesia**

**GLOBAL INDEX  
INSURANCE FACILITY**

FUNDED BY



|                                  |   |
|----------------------------------|---|
| <b>Market launch</b>             | Product in process of design - goal is to launch in 2015  |
| <b>Clients</b>                   | PT Reasuransi Maipark is the client – target market includes insurance companies, commercial banks, regional banks, and Microfinance Institutions (MFIs)  |
| <b>Partners</b>                  | Insurer: local insurance companies<br>Reinsure: PT Reasuransi Maipark<br>Distribution Channel: Banks and MFIs   |
| <b>Products</b>                  | Earthquake index insurance (EQII) product to cover the loan portfolio of financial institutions   |
| <b>Insured Perils</b>            | earthquake  |
| <b>Total Insurance Portfolio</b> | to be determined - product in design phase  |
| <b>Insurance Payouts</b>         | (N/A)   |
| <b>Average Cost of Insurance</b> | Not yet designed  |
| <b>Development Impact</b>        | The project is expected to create a nationwide index-based insurance platform in Indonesia to serve the financial risk management needs of financial institutions and enhance their ability to serve the working poor and micro, small and medium enterprises after an earthquake event.  |
| <b>Background</b>                | <p>More than 12 million Indonesians live and work in earthquake-prone zones, with economic exposure reaching an estimated \$79 billion. These risks are especially high in areas such as Yogyakarta and Padang, where the worst-hit banks lost between 15 and 35 percent of income following recent earthquakes. These losses erode the banks' capital reserves and compromise their ability to lend.</p> <p>With support from IFC, MAIPARK will work with local insurance companies to develop and distribute a new earthquake index insurance product. The company will also be reaching out to commercial banks, regional banks, and microfinance institutions, particularly those with a significant client base in Indonesia's earthquake-prone regions.</p> |
| <b>Project Description</b>       | IFC will provide advisory services to PT. Reasuransi MAIPARK Indonesia (a specialist reinsurance company in Indonesia) in the following areas: (i) support technical design and development of an earthquake index insurance (EQII) product; and (ii) build capacity of PT. Reasuransi MAIPARK Indonesia and selected financial institutions to administer, price, and distribute the EQII product in retail.   |
| <b>Success Factors</b>           | Product in design phase   |
| <b>Challenges</b>                | In the initial stages, it may be a challenge for the wider market to understand the value and adopt this type of new catastrophe risk mitigation product.   |
| <b>Opportunities</b>             | PT Reasuransi Maipark was formed by the government as a specialized agency to eventually assist the insurance industry better manage all special risks (including terrorism and catastrophic risks) in Indonesia. It is owned by the private sector; and all licensed general insurance companies (80+ companies) are the shareholders of MAIPARK. An innovation led by PT Reasuransi Maipark would therefore have the potential to impact the wider market.  |
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