

Fintech For Health Case Study: PasarPolis

Abstract

Indonesia has made tremendous developmental progress in recent years. There is now a focus on addressing the more pressing needs of its population, which lies in healthcare financing. The implementation of the national health insurance scheme in 2014 still faces challenges of limited healthcare providers, high out-of-pocket (OOP) expenses and limited uptake especially for those living in poverty. PasarPolis, an insurtech company has the solution to bring affordable and hassle-free experience for consumers to purchase and claim insurance. It uses digital analytics to streamline insurance claims and processes to lower costs and bring the best value for consumers. The company was also quick to react to global and social trends to cater to consumer needs and has extensive outreach capabilities in knowledge sharing and partnerships. As such, it had drawn multiple investors and collaborations to enable PasarPolis the expansion of its business prospects to bring the most affordable insurance policies for all.

Challenges in current healthcare financing

Being the fourth most populous country in the world¹, Indonesia has made considerable economical and developmental progress. However, there is an arduous task of safeguarding population health against a myriad of diseases. In recent years, Indonesia still faces high rates of maternal mortality, incidences of tuberculosis and malaria². This is also coupled with an increase in non-communicable disease (NCD) risk factors such as obesity, smoking and high blood pressure. Moreover, government healthcare expenditure is still drastically low, accounting for 2.9% of total GDP – the lowest among all OECD countries in 2018³.

Looking at the current healthcare infrastructure, Indonesia still faces difficulties in providing sufficient healthcare services for its citizens. The latest data in 2019 showed that out of 1000 inhabitants, there were only 0.5 doctors and 2.2 nurses allocated, again the lowest among all OECD countries^{4,5}. The limited number of public hospitals is also concerning (1026 out of 2813), which equates to around 1.17 hospital beds per thousand population⁶. Moreover, due to geographical disparities, some areas in Indonesia do not have proximate healthcare facilities for their residents. Studies have shown that 18% of Indonesians have to take more than one hour to reach a public hospital, limiting their access to quick and reliant healthcare services².

The government implemented drastic health reforms in 2014 with the national health insurance scheme – *Jaminan Kesehatan Nasional (JKN)*. The JKN seeks to combine previous health coverage and programs to expand healthcare coverage for all Indonesians. Under the JKN, patients have to seek their designated primary healthcare service provider (termed *Puskesmas*) for treatment before a referral can be made to seek specialist care in hospitals. A direct visit to specialist care would not be covered under the JKN, and most would have to pay out-of-pocket. It is estimated that nearly 62.2% of total health expenditure was contributed by OOP expenditure in 2014². For the poor, this amounts to 57% of monthly per capita income², forcing people to make difficult choices between livelihood and health.

Another OOP expense comes in the form of transportation fees. As described earlier on lacking proximate healthcare facilities, additional transportation fees to hospitals are not covered by the JKN. In the more remote Gaura village, a ride from an ojek (motorcycle taxi) to the nearest healthcare facility may reach 100,000-rupiah (US\$6.82)⁷ stretching across 48km with dangerous road turns and ravines.

In 2017, 70% of the population was covered within the JKN, with the remaining uninsured or relying on private insurance². Most of the uninsured were informal workers and the lower-middle-income groups^{2,8}, where paying for JKN premiums could impose significant financial strains. In 2020, the government implemented a 100% price hike across all premium tiers – where the monthly premium for the poor is raised to 42,000-rupiah (US\$2.86)⁹. This is distressing for some Indonesians living off less than US\$10 daily⁹. Many have also expressed concerns about the JKN's healthcare cover and understanding of insurance in general². Moreover, the penetration of private health insurance was estimated to be only 4% (7.5 million residing in urban areas)¹⁰, indicating huge potential in alternative sources of health financing to complement the existing JKN scheme to finance people's healthcare expenses.

PasarPolis – Democratizing insurance for all Indonesians

In 2015, PasarPolis was set up by CEO Cleosent Randing, to ameliorate Indonesia's low insurance penetration. Being an insurtech company, PasarPolis first started out as an aggregator site compiling numerous existing insurance policies by different companies. However, recognizing the need to enhance insurance accessibility, the company decided to partner with collaborative partners, to offer micro and modular insurance products that are integrated with their partners' systems and tailored to the consumers' needs. Potential consumers are able to glance through a huge variety of insurance policies (ranging from health, vehicles, property, life to travel related needs), conduct purchase, apply and receive claims within 24 hours. The unprecedented ease and speed of managing insurance policies are attributed to PasarPolis' use of technology and digital analytics to combine underwriting data sourced from provider partners and compute the appropriate premium pricing and policies.

PasarPolis' push to democratize insurance for Indonesians can be drawn parallels to Access health international's vision - To enable everyone to access high quality and affordable healthcare regardless of age and where they live. By engaging the underserved and people living in remote areas of the country, the insurtech company is able to provide insurance solutions that protect against severe financial strains caused by unforeseen events.

Strategic partnerships with leading institutions

To broaden their product outreach and awareness, PasarPolis had partnered with nearly 40 different stakeholders like Gojek, Tokopedia, Shopee, Lazada and Xiaomi. The goal is to incorporate innovative insurance solutions onto other e-commerce platforms, to increase the accessibility and ease of buying insurance when browsing on partner applications. This is especially relevant in the current era of technology and digital solutions interwoven into everyday lives.

For example, the collaboration with the insurance company PT Asuransi Allianz Life Indonesia to provide hospital inpatient insurance through the Gojek, a multi-service tech platform. This tripartite partnership provides insurance protection against the risk of high hospitalization fees after contracting severe illness or accidents. By paying less than 1000 rupiah (US\$0.06) per day, the insurance provides daily hospitalization benefits for 30 days per year. To apply for claims, Indonesians only need to retrieve relevant hospitalization documents, fill up the online form and upload the documents into the PasarPolis portal. This reduced the barriers of navigating through complex insurance policies, inefficient claim processes and high premium costs, to allow the lower-income group to afford decent healthcare insurance.

With Shopee Indonesia, PasarPolis helped to establish an insurance policy for Shopee users to purchase decent inpatient protection starting at 90,000 rupiah, with additional 100% cashback to Shopee coins for the first few users. From March 2022, Shopee users can purchase the insurance to be reimbursed 17-million-rupiah worth of hospitalization and operating costs.

Besides insurance policies, PasarPolis has collaborated with another leading insurance company PT Asuransi Maximus Graha Persada Tbk (ASMI) in 2021. The aim was to strengthen ASMI's digital transformation landscape by leveraging on PasarPolis' reputation and expertise as a top insurtech company in Indonesia. ASMI plans to expand the market segment by providing microinsurance solutions for people in the lower income groups, by increasing the access through e-commerce platforms.

Potential in revolutionizing Indonesia's healthcare insurance

Despite managing various forms of insurance products, healthcare insurance is in the core of PasarPolis' portfolio. In 2021, they had launched the *PasarPolis Employee Benefit* app, to provide simplified and comprehensive insurance policies for businesses with various needs. Prospective employees are able to find out detailed information of their purchased insurance, search for partnered healthcare providers, submit and receive claims all under one single app. This has eliminated the need of processing the claims through human resources and service centres, creating a seamless insurance claim experience for businesses.

As Indonesia battles through a disruptive COVID-19 pandemic, many of PasarPolis' existing insurances in travel, digital lending and ridesharing are made redundant due to lockdowns and restrictions. On the flip side, there has been an overall awareness of health and increasing demand for health insurance. The company had managed to recognize changing consumer trends in insurance purchase and make effective shifts in policies. PasarPolis produced new products focusing in COVID and life insurance to suit consumer demands. Also, it had established a new business model named *PasarPolis Mitra*, where it onboard rideshare drivers and merchants to be insurance agents to sell policies for additional revenue. Not only did PasarPolis addressed the needs of its consumers, but it had also reached out to assist people from the informal sector to make ends meet during the pandemic.

In the educational front, PasarPolis is also involved in knowledge sharing and promotion of insurance policies. It had held several webinars inviting delegates from the Indonesian health

ministry, Infocomm sector and the Social Health Insurance Agency to educate people about the need and benefits about purchasing insurance. Recognizing the need to empower millennials to make an informed choice about smart financial planning, PasarPolis have been giving guest lectures at renowned universities like the University of Indonesia and the Indonesia Banking School. The company is also actively blogging about health-related information on their website and related socials, to disseminate the idea that it takes a very small investment in insurance to live more worry-free and enables greater peace of mind.

With the extensive outreach and capability that PasarPolis possesses, the company would prove to be a useful asset in helping to address Indonesia's healthcare financing challenges, notably in providing a substantial complement to the national insurance scheme.

Impact

PasarPolis' innovative and effective insurance platform have issued over one billion insurance policies from 2019 to 2021. This had benefitted more than 24 million Indonesians, where 90% are first time policy buyers and 40% are from people working in the informal sector. On its collaborative front, PasarPolis had form alliances with over 50 insurance partners, 40 ecosystem partners and attracted 60,000 registered Mitra on its onboarding program. This has also resulted in the expansion of the company into Thailand and Vietnam, to promote insurtech in Southeast Asia.

The customer-centric model that PasarPolis epitomizes had drawn many to invest and partner with the company. As evident from PasarPolis' developmental history, it had received US\$54 million series B funding back in 2020 to expand its market reach and customize its products for different industries. In 2021, the International Finance Corporation (IFC) of the World Bank Group had signed an agreement with PasarPolis to invest US\$5 million in equity finance for the development of sustainable infrastructure to support the insurtech culture in Indonesia, after noting the potential of PasarPolis in breaking the mindset that insurance is only accessible for those who can afford it.

Though the operations of PasarPolis allows them to distribute insurance products through their ecosystem partners, they do not design their own insurance policies. However, they are open to the idea of doing so, where they are in the midst of applying for the relevant licenses and documentations. This would empower PasarPolis to focus on promoting financial inclusion, to enable access and utilization of financial products like microinsurance to protect those hovering just above the poverty line.

Conclusion

PasarPolis had provided highly accessible and affordable insurance solutions for many of the uninsured in Indonesia. Its' usage of insurtech solutions have helped many to afford and claim basic insurance to be protected against catastrophic events. With a keen eye on consumer trends and situational events, PasarPolis is able to pivot accurately to revise its business model to cater to changing needs and maintain high consumer satisfaction. PasarPolis' next steps would be to continue supporting Indonesia's push for universal health coverage by

increasing the adoption of their microinsurance policies and collaborating with numerous stakeholders to bring affordable healthcare solutions for everyone.

References

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