

Loss Ratio: Check with Jenny for data of the business cost and other expense for the calculation of combined ratio. Gross Earned Premium should be used as the denominator for loss ratio instead of gross weighted premium. It is a quite complex formula that involves amortization over the years

Average claim Paid: It is not feasible to concentrate on Japanese Corporate clients as they are a small market and it is expected to shrink in the coming years.

Overall sales channel: Direct channel is a direct tie up with the customer that bypass the agent or any other third party. It is difficult to expand the direct sales channel as the Indonesians do not see motor insurance as a necessity since there is no mandatory motor insurance scheme in Indonesia.

Profitability breakdown: When tariffication comes into effect, the market becomes more competitive as it becomes difficult to differentiate your products and show why the company's products are better. In order to maintain or increase sales, the company would have to increase the amount of commissions it gives to the third party.

Profit margin: It is expected that the cost decrease in the later years as the policies are not matured. In order to be more effective, there is a need to compare the trend over the years and use the next three years data to check the trend of the previous data set. What the company currently does is to use the total sales for the quarter against the total claims for the same quarter.

Total GWP: The Company's business model is to fight for market share via new business and does not concentrate on renewal business. There is not a law in Indonesia that mandates drivers to obtain a motor insurance. However, it is a requirement to obtain a motor insurance if a customer borrows money from a finance company to buy the vehicle. The company tends to classify a policy as a renewal business if the customer renews after year 3 of holding a policy. Thus, the actual renewal business is very small. It constitutes to less than 10% of total sales

Claim causes: The insurance should be insuring the policy of the motorcycle and should not be insuring the finance leasing agreement. The sum insured should be the value of the vehicle and should not include any other monetary compensation. The Indonesian office does not have a black book for vehicle value depreciated over time. The company has noticed the high rate of motorcycle thefts and has taken measures against it in Q3 2014. The theft rate should decrease after the measures taken.

Branch region by channel: Our top 3 sales region should be Palembang, Jakarta, Medan.

Tree map: The Company does not keep information of region for Shariah insurance policies. The Shariah insurance policies are discontinued after 2013.

Temporal Patterns in Claims: The drop in claims cause type in August and September is attributed to Hari Raya. During that period, most people are at home and roads are less crowded. The week before Hari Raya is quite crowded and it is expected to be above average claims at that time.

Vehicle brand (Motorcycle): The company has a strong corporate relationship with Suzuki in terms of motor insurance. The company is doing something else with Honda. However, it is expected that Honda's growth rate will be higher than Suzuki's growth rate.

Vehicle brand (Vehicle): Tokio Marine has global relations with Toyota. The company will take some insurance from Toyota in every market across the world.

Find data to support eCommerce: There are challenges to eCommerce. First, it is not mandatory to obtain motor insurances. Customers tend to buy insurance as a part of a financing deal with the financial institution. If the government introduce mandatory policy, then it will be possible for eCommerce. If not, no one will buy the direct insurance in Indonesia. We can try to add schemes into the policy like income protection and transportation allowance in the event of vehicle accident. Direct sales of motor insurance do work in other markets but there is not the environment currently in Indonesia. It is difficult to prove if future eCommerce activity is successful.

Things we can do:

- 1) Initially, Benitto wanted us to understand the lifetime value of the clusters of customers. However, there is insufficient data.
- 2) Investigate the top 3 Agent and compare them using matrix like loss ratio. For example, investigate the loss ratio in Depo Star. Look at with agents give the most favorable matrix.
- 3) Investigate bank as a channels. Bank businesses are typically less risky than leasing agent for the quality of service. Investigate if there will be an increase in renewals the transaction channel is banks. Benitto suggested that if there is a bundle for cover and repair of motorcycle but not everything, there will be an increase in renewal
- 4) A predictive model is hugely beneficial to Benitto's work. Investigate which segment do not claim as much like agent or vehicle segment. Investigate if we co-payment changes customer behavior. Will co-payment decrease the likelihood of claim?
- 5) Find the distribution of the claim cost. If your claim amount is less than 100dollar, then the insured cant claim. If there is an excess, what is your distribution of the loss ratio?
- 6) Some Japanese manufacturer makes very low payment for insurance. It is okay to make loss in motorcycles since it is part of a business relation.
- 7) Predictive model: Profitability forecasting by brand, agent (Despo star and the rest). What are the losses by brand? Do we need to increase price of premiums for certain brands? If the policy is tariffed, we can't change price of policy. We can look into the addition of axillary services. If I increase premium by 10%, how will the response be?
- 8) Invitation to present at motor committee in March. They are no specific agenda. However, in the past, we have been discussing the trend, the risk and combined ratio target. There has been decision points and discussion of what products or segment to drop. There has been discussion on how to increase renewals.
- 9) Look into bank-owned leasing company. For example, the CIMB leasing company.
- 10) Any other recommendation to give, pricing wise. Recommendations should supplement income.