

PT Asuransi Jiwa Taspen

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Mar-2020 (Unaudited)	Dec-2019 (Audited)	Dec-2018 (Audited)	Dec-2017 (Audited)
Corporate Rating	<i>idA+/Stable</i>	Total assets [IDR bn]	4,358.2	4,490.7	3,459.8	3,416.2
Rated Issues	-	Total equity [IDR bn]	220.5	481.8	405.8	488.2
Rating Period	July 17, 2020 – December 1, 2020	Total investments [IDR bn]	4,159.3	4,282.0	3,139.7	3,231.7
Rating History	DEC 2019 <i>idA+/Stable</i> OCT 2018 <i>idA+/Stable</i>	Net written premiums [IDR bn]	201.6	1,432.1	482.9	444.3
		Net claims [IDR bn] **	238.3	1,489.2	567.6	537.1
		Underwriting results [IDR bn]	(39.6)	(84.1)	(94.3)	(101.6)
		Net income after tax [IDR bn]	(241.4)	60.7	75.7	65.7
		Total comprehensive income [IDR bn]	(241.4)	91.0	(68.1)	111.5
		ROAA [%]	*(21.8)	1.5	2.2	2.1
		Loss ratio [%]	118.2	104.0	117.5	120.9
		Net written premiums/equity [x]	3.7	3.0	1.2	0.9
		Retention ratio [%]	98.4	98.6	91.4	89.8
		Equity/total assets [%]	5.1	10.7	11.7	14.3
		Risk based capital (RBC) [%]	123.3	206.6	234.1	242.7
		USD exchange rate	16,387	13,901	14,481	13,548

**annualized*
***Including increase/decrease in liability for future policy benefits*

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

Taspen Life's rating affirmed at *idA+/stable*, following Jiwasraya Putra acquisition plan

PEFINDO has affirmed its financial strength rating of PT Asuransi Jiwa Taspen (Taspen Life) at "*idA+*", following the plan to acquire 70% ownership share of PT Asuransi Jiwasraya Putra (Jiwasraya Putra) from PT Asuransi Jiwasraya (Persero) (Jiwasraya) as indicated by the Conditional Sales and Purchase Agreement (CSPA) dated June 30, 2020. This transaction still needs to fulfill several requirements as mandated in the CSPA before it can be formally finalized on December 31, 2020. We are also still trying to identify the potential burden from this transaction to Taspen Life, related to Jiwasraya substantial equity deficit and huge claim liabilities. Following this transaction, Jiwasraya Putra plans to capitalize on the captive business from PT Bank Tabungan Negara (Persero) Tbk (*idAA+/stable*) as the remaining 30% shareholder, to complement and improve the variety of Taspen Life's business products on consolidated basis. Upon the transaction finalization and subject to the availability of required information, we will further assess the impact of this corporate action to Taspen Life's overall financial strength. The outlook for the corporate rating is "**stable**".

An insurer rated *idA* has strong financial security characteristics relative to other companies in Indonesia, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings. The Plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects AJTP's very strong support from and business synergy with its parent, PT TASPEN (Persero), its moderate capitalization and reserves, and the moderate asset quality of its receivables. However, the rating is constrained by its modest operating performance and exposure to capital market volatility.

The rating may be raised if AJTP demonstrates a significant and sustainable improvement of business position and product diversification while maintaining robust and healthy financial indicators. A stronger evidence of support from its Parent could also put upward pressure to the rating. On the other hand, the rating may be lowered if the Company suffers a substantial deterioration in its capitalization, operating performance and liquidity ratios. There may also be downward pressure on the rating if there is material evidence of weaker support from the parent.

We are of the view that social distancing initiatives amid the COVID-19 pandemic will moderately impact new business generation in the life insurance industry, especially for retail segments. The corporation segments may be affected to a lesser degree, as demand for life insurance renewal is still in place. The significant COVID-19 impact on the affected segments may limit life insurance companies' ability to obtain new business and in renewing their policies, or changes of payment terms to installments rather than full payment, thus affecting their financial profiles, especially operating performance and liquidity. Generally, we expect insurance companies to have sufficient liquidity buffers, as half of its investments are placed in liquid assets.

We expect the pandemic to have a manageable impact on Taspen Life, mainly supported by its strong competitive edge with TASPEN (Persero) as its Parent, providing business in the midst of increased business growth risk. It is also developing its infrastructure and IT system to support digitalization. With large-scale social restrictions (PSBB), digitalization of the insurance process may offset some of the concern of a potential business downturn, given that 51.2% of its GWP portfolio in June 2019 was generated from Java, an area significantly impacted by the outbreak. PEFINDO will continue to closely monitor these conditions to assess how the impact of COVID-19 is developing, and should there be material alterations we will conduct the necessary rating actions.

Established in 2014, AJTP provides life insurance products to groups and individuals, focusing on state-owned enterprises (SOEs) and civil servants. As of March 31, 2020, it was 99.97% owned by TASPEN, and 0.03% owned by Koperasi Karyawan Taspen Jakarta. It has 71 employees in its head office in Jakarta, and is supported by 11 marketing offices.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.