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## CASE BRIEF: **AXA INDONESIA**

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## AXA INDONESIA

**Description:** AXA is an insurance and asset management group serving 107 million clients in 64 countries. AXA intends to reinforce its growth in the years ahead by intensifying its presence in high-growth markets and among low- to middle-income families. AXA Indonesia is one of the leading financial service providers in Indonesia, with four entities that offer life and general insurance. Two of these entities are joint ventures with Mandiri Bank.

**Products offered:** AXA Indonesia offers a wide range of life and general insurance products.

**Distribution partners:** AXA Indonesia reaches emerging customers through its joint ventures with Mandiri Bank, as well as through partnerships with MFIs, mobile wallet companies, and fintech and health technology companies.

Social health insurance has existed in Indonesia since 2014. Nonetheless, the population still faces challenges in accessing health care and meeting additional healthcare expenses, including the costs of medicines, transport to health facilities, and missed days of work, as described in the box on the right.

Internet penetration is on the rise in Indonesia, largely as a result of the increased penetration of mobile phones and mobile internet. As of 2018, 80 million people, or 30 per cent of the population, had access to mobile internet. The country has also witnessed a rise in digital financial services, such as e-wallets and mobile payment applications.



AXA Indonesia therefore saw the potential to offer a digital health solution to complement the country's social health insurance programme. The company explored possible solutions through market research and focus group discussions and decided to offer hospital cash insurance, which would help patients and their families meet the considerable out-of-pocket expenses they face in accessing health care.

To do so, AXA partnered with Alodokter, one of the leading mobile health companies in Indonesia, that provides doctors' consultations through a chat function embedded in its mobile application. The company was interested in diversifying its income and in partnering with an insurer to provide hospital cash cover, as surveys Alodokter conducted with its members had shown demand for this kind of service.

### Health care in Indonesia

The Indonesian government introduced social health insurance in the country in 2014 with the aim of achieving universal healthcare coverage by 2019. Private health insurance is very limited, covering less than 2 per cent of the population.

Those covered by the social health insurance scheme continue to face significant out-of-pocket expenses. Although doctor and hospital appointments are covered by the social health insurance and members are not required to make any co-payments, 18 per cent of patients still face additional expenses at healthcare facilities, largely for medicines.

In addition, patients and their families face "hidden costs". Indonesia is the largest archipelago in the world. It is made up of 17,000 islands which are home to a total of 240,000 people from numerous ethnic, cultural and linguistic groups, and 724 dialects. Geographical access to healthcare facilities is a key barrier. The average distance to a health facility for the Indonesian population is 5km, but, in the eastern provinces of the country, people have to travel an average of more than 30km to reach a healthcare facility. This is often an expensive and time-consuming journey.

Families also face additional costs since the person seeking health care has to miss working days. In addition, Indonesian culture and the practicalities of attending a clinic or hospital mean that another member of the family usually accompanies the patient, especially in the case of elderly relatives, as an informal care giver or chaperone. This is helpful in ensuring that relatives are cared for, but adds to the financial and logistical burden for the family as more than one family member is absent from their work and family activities.

Poorer families face a particularly high burden from out-of-pocket payments for health care. Without tools available to manage these costs, patients and their families borrow from neighbours or relatives, sell assets or use loans or money set aside for education costs to meet out-of-pocket healthcare costs. In many cases, high costs may also discourage them from seeking health care at all, even though the treatment itself is covered by the government scheme.

AXA designed a simple product tailored specifically to the needs of Alodokter's customers with simplified terms and reduced exclusions. The product costs around US\$ 7 a month and provides a daily cash benefit of US\$ 70 per night spent in hospital. It was launched in September 2018.

The partnership offered enormous potential for AXA to leverage Alodokter's mobile application and trusted reputation among its clients. Multiple meetings took place to design the customer journey and to decide on the roles of each partner in the insurance provision. Once the roles were decided, AXA provided training and support for Alodokter as it took on unfamiliar insurance processes.



Sales are supported through promotion in the mobile application, where customers receive a survey message asking if they would be interested in the hospital cash product. If so, they are contacted by a telemarketing agent who provides more information. In addition, Alodokter also administrates claims through its application. Customers simply use a menu in the application to submit digital versions of claims documents. These are then passed to AXA, who assesses the claims. This provides a better user experience, as clients have access to their policy information and the ability to submit claims within the same application.

Integrating the product thoroughly with Alodokter's systems was not easy. The hospital cash product was launched rapidly, within just five months of completing the product design, and some of the processes did not work as expected. For example, during the first few weeks after the product launch, some of the customer data collected from Alodokter was incomplete or did not follow the required formatting, which slowed down the process of issuing policies. The AXA and Alodokter teams worked together quickly to resolve initial problems and to improve their processes.

Despite such challenges, in cases where the partner has strong trust and multiple interactions with the customer base, AXA Indonesia feels that it is worth the effort involved for the partner to take on a greater share of the customer relationship. This provides a better customer experience and allows Alodokter the benefit of being able to offer a wider range of services directly to its clients.

Market feedback during the first six months since the product was launched suggests demand for expanded coverage for family members. In response, AXA Indonesia is working with Alodokter to co-design an insurance product with top-up options for family cover.





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