

Insurance Coverage Recognition Award:

Practices since August 2017: Extending Social Security Coverage to all Indonesian Migrant Workers.

(BPJS Ketenagakerjaan – Indonesia)

1. Name of Project: Extending Social Security Coverage to all Indonesian Migrant Workers.

Summary

Ever since being elected as the President of the Republic of Indonesia, Mr. Joko Widodo has focused on improving the good governance towards all the government institution covering all the ministries and the State Owned institutions.. One of his prominent issues is to improve Indonesian manpower protection mechanism In the context of Indonesia migrant workers. Generally, there are 25 Ministries/State Institutions and 30 insurance companies as consortium engaged in providing protection for Indonesian Migrant Workers (TKI). However, Indonesia migrant workers still have the difficulty to access the benefit from the consortium insurance companies and It is shown from the claim ratio was only less than 30%.

Realizing on this vociferation, the President instructed to transform Indonesian Migrant Workers protection into social security scheme. In line with the mandate of the National Social Security System to BPJS Ketenagakerjaan as the Social security administrator for employment which provided social security protection to all workers As a result, starting on 1st August 2017 the social protection of Indonesia Migrant Workers are covered by BPJS Ketenagakerjaan. In addition to institutional transformation, there were also extended in benefits, i.e: the amount of compensation increased to IDR 100 million, a scholarships their children until getting university graduation, access to housing ownership, and special prices/discounts for purchasing goods in certain stores. The aim is to provide full protection to all workers and its heirs.

Furthermore, the transformation of social security protection to Indonesian Migrant Workers is a milestone in improving the governance of placement and protection of Indonesian Migrant Workers as well as an evidence of the state presence to ensure the rights and safety of its citizens.

2. Objective and nature of Project

2.1. Objective

We believe that the function of social security organization is not just delivering the benefit of our product such as delivering the amount of money as cash compensation.

Beyond that, social security is the right of all citizens including for Indonesian Migrant Workers which previously just covering formal and informal sectors.

The objective of this project is to expand the coverage of social security for Indonesian Migrant Workers. According to the Government records there are 6 to 8 million Indonesian Citizens who are currently working abroad with the largest destination countries in Malaysia, Taiwan and Hong Kong.

2.2. Issue/problem/challenge

Social security protection for Indonesian Migrant Workers has its own challenges. Prior to being managed by BPJS Ketenagakerjaan, the real conditions of the protection can be described in the following facts, issues, problems and challenges. **First**, more than 50 ministries/state institutions and private insurance contributed to managing the protection of TKI. As a result, the governance of the protection of migrant workers is increasingly neglected as well as overlapping regulations between institutions. In addition, a strong political aspect also affects the commitment of the parties to provide a proper protection program for TKI.

Second, many workers faced difficulties in making claims process. This is because a short grace period rules for filing claims since the date of incident. The consortium determine grace period for claiming is less than 6 months. On the other hand, working contract of TKI is 2 years in average. In addition, they are allowed to make claims only in Indonesia. Because there is no service channel owned by consortium insurance for making claims in abroad.

Third, the social insurance coverage for TKI that managed by private insurance is profit basis. Based on the data from the Ministry of Manpower of Indonesia the claim ratio is just under 30% in the last 4 years. There are no additional benefits are given to TKI whom not experience with socio-economic risks. Worstly, all benefits tends not to be claimed.

Fourth, lack of information on the scheme and benefits. As a fact, insurance scheme is managed by 30 private insurances which then affiliated in 3 consortium companies. Each insurer has rules and procedures which applied and implemented in different ways. This situation oftenly causes confusion in term of information and scheme likewise. In the other hand, it is difficult to reach customer care of the insurance company even just to have a simple information i.e : registration status and the last premium paid.

2.3. The innovative approach/strategy

Referring to these facts, issues, problems and challenges, the Government of Indonesian takes a strategic steps. **First**, encourage social security protection to all Indonesian Migrant Workers as national strategic program. For that, President Jokowi set BPJS Ketenagakerjaan as a single institution to administer social security protection for TKI. Consideration because BPJS Ketenagakerjaan is state institution overseen by the President and other stakeholders. Then, the improvement of the governance will be more easier and directed if compared to managed 55 different ministries, institutions and insurers to taking care of Indonesian migrant workers.

Second, to establish strong regulation as the basis for implementation of social security for TKI. Recently, Ministry of Manpower of Indonesia issued regulation No. 07 Year 2017. This regulation addresses to encourage the improvement of social protection legislation and the governance. In its development process, BPJS Ketenagakerjaan involves related stakeholders including the Ministry of Foreign Affairs, the Corruption Eradication Commission, the Financial Services Authority and the last National Agency for the Placement and Protection of Indonesian Migrant Workers (BNP2TKI). The aim is to hit the root causes and build a comprehensive planning.

Third, BPJS Ketenagakerjaan has a wide service channel that guarantee to reach TKI in all parts of Indonesia. nationwide, there are 324 branches and 2,039 Service Point Offices scattered throughout Indonesia that can provide information, registration, payment the contribution and claims. In addition, BPJS Ketenagakerjaan also develops online portals that can be accessed anytime and anywhere accordingly. Further, BPJS Ketenagakerjaan is planning to dispatch its people as a representation in each receiving countries. The fulfillment of physical and electronic channels is built to meet workers needs without any delay.

Fourth, BPJS Ketenagakerjaan is a non-profit institution. All funds are managed and returned to the participants in the form of benefits. For Indonesian Migrant Workers, BPJS Ketenagakerjaan provide a social security protection i.e death benefits, employment injury benefits and old-age benefits with additional i.e a scholarships for children until getting university graduation, housing benefits, and lastly special prices/discounts for purchasing goods in certain stores. All these benefits purpose to alleviate the expenses of living migrant workers and their families.

Fourth, expand cooperation with social security institutions all over the world especially destination countries or receiving countries. The goal is to ensure that Indonesian Migrant Workers gets access to the social security scheme in the country as well as service and information.

3. Why the project should be recognized

There are several reasons why social security for Indonesian Migrant Workers is feasible to be recognized.

First, BPJS Ketenagakerjaan holds a mandate to provide social security for all workers. In practice, the regulatory can be applied only to workers in the formal and informal sectors, while Indonesian migrant worker are not eligible. To expand the coverage and participation of TKI, new laws and schemes are required in regards to regulate social security coverage for labor migrants in three phases i.e: pre-employment, onsite, post-employment. In response to this, BPJS Ketenagakerjaan initiates protection scheme for Indonesian Migrant Workers since 2013. However, it is not easy to turns out these regulation. It requires alignment and harmonization from 25 Ministries/State Institutions. Finally, after undergoing the preparation period of the regulation, BPJS Ketenagakerjaan has new mandate to protect Indonesian Migrant Workers by Ministry of Manpower

Regulations No. 07 Year 2017. And its officially launched on 01 August 2017. As a result, more than 20.000 workers already registered into this scheme in just 5 days after launched officially. It is estimated that the number of Indonesia migrant workers which registered in BPJS Ketenagakerjaan will be increased to 1.5 million by the end of this year.

Second, the protection started since preparation periods until come back to home country. This period divided into three phases which are pre-employment, onsite, and post-employment.

Third, all TKI's are obligated to enroll in social security employment schemes even he/she are departing through employment agency and/or independently. The registration process can be done at BNP2TKI which takes care of the employment placement or register directly to BPJS Ketenagakerjaan branch office or electronically through online portal.

Fourth, social security membership is a mandatory requirement to obtain official document of job vacancy abroad so it can be concluded that all TKI's must hold social security identity number.

Fifth, the scope of benefits is also extended. Previously, TKI who suffered total disability only get a compensation about IDR 75 million. While BPJS Ketenagakerjaan delivers compensation of Rp. 100 million, scholarships for children, housing benefits and sprcial price/discount.

Finally, the practice of social security protection for migrant workers in the world is still not optimal. Based on ISSA, there are 2,000 bilateral social security agreements covering 136 countries. Estimated only 20% of the migrants with full protection and portability rights. Hence, the practice of social security protection to Indonesia Migrant Workers is expected to encourage similar practices in ASEAN countries.