

CSFI/PwC Insurance Banana Skins 2017

*Jamaica report
May, 2017*



Insurance Banana Skins 2017

World		Jamaica	
1	Change management	1	Human talent
2	Cyber risk	2	Cyber risk
3	Technology	3	Interest rates
4	Interest rates	4	Technology
5	Investment performance	5	Quality of risk management
6	Regulation	6	Change management
7	Macro-economy	7	Cost reduction
8	Competition	8	Investment performance
9	Human talent	9	Regulation
10	Guaranteed products	10	Product development
11	Political interference	11	Competition
12	Business practices	12	Business practices
13	Cost reduction	13	Macro-economy
14	Quality of management	14	Social change
15	Quality of risk management	15	Reputation
16	Social change	16	Guaranteed products
17	Reputation	17	Political interference
18	Product development	18	Complex instruments
19	Corporate governance	19	Corporate governance
20	Capital availability	20	Quality of management
21	Complex instruments	21	Brexit
22	Brexit	22	Capital availability

“Technology:
This is critical to keep
ahead and drive cost
reduction and meet
the changing demands
of the [millennium
generation].”

- Survey participant

“[There is a] slow response of internal decision-makers to the need for an accelerated automation and digitisation agenda and analytics - in conjunction with appropriate executing national agencies - to respond to findings identified by these tools.”

- Survey participant



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There were 10 responses from **Jamaica**, as follows

- Broking 3
- Life 2
- Non-life 4
- Composite 0
- Reinsurance 0
- Other 1

Jamaica

The response from Jamaica was dominated by concern over the lack of human resource to man the industry at a time when it faces exceptional pressures from new regulation and technological change. Additional pressures from excess capacity were frequently mentioned. In common with the rest of the world, cyber risk was also viewed as a pressing issue.

The responses reflected concern about the ability of the industry to meet the challenges of technological change and new types of competition. There were suggestions that the regulatory and political environments were not helpful. Jamaica scored lowest of 52 countries on the Global Preparedness Index (see below).

Although much concern was expressed about the low level of interest rates and their impact on investment returns and asset/liability management, concern about the overall economy was relatively lower than the global level.

“Changing times require changing products and failure to do this will be bad.”

- Survey participant

Main points of difference (places higher or lower than the world):

Risk	Position
Quality of risk management	12
Product development	8
Human talent	8
Cost reduction	6
Quality of management	-4
Change management	-5
Macro-economy	-6
Political interference	-6
Guaranteed products	-6

The Banana Skins Indices

Jamaica produced a higher than average score on the Banana Skins Index, implying a higher level of risk anxiety.

It produced a below average score on the Preparedness Index, implying a lower level of preparedness.

Banana Skins Index		Preparedness Index	
Taiwan	3.66	Spain	3.56
India	3.61	Switzerland	3.36
Portugal	3.61	Sweden	3.36
Mexico	3.59	Brazil	3.29
Indonesia	3.58	Denmark	3.27
Thailand	3.57	Indonesia	3.26
Philippines	3.56	Thailand	3.22
Malaysia	3.52	Italy	3.20
Turkey	3.50	Malaysia	3.19
Greece	3.50	Colombia	3.18
Japan	3.45	Cayman Islands	3.18
Barbados	3.40	Austria	3.14
Luxembourg	3.40	Netherlands	3.13
Brazil	3.38	Belgium	3.12
Argentina	3.37	Bermuda	
Italy	3.37	Barbados	3.09
Jamaica	3.36	Portugal	3.07
Singapore	3.35	Japan	3.03
Switzerland	3.33	GLOBAL	3.02
GLOBAL	3.31	Ireland	3.00
Australia	3.31	Luxembourg	3.00
Colombia	3.31	China	3.00
UK	3.26	Philippines	3.00
Canada	3.25	Mexico	3.00
Netherlands	3.25	Australia	2.98
Sweden	3.24	Taiwan	2.90
Spain	3.23	South Africa	2.90
USA	3.18	Greece	2.88
Cayman Islands	3.18	Canada	2.86
Ireland	3.17	New Zealand	2.86
China	3.16	India	2.86
New Zealand	3.14	USA	2.85
Austria	3.14	Czech Republic	2.80
Belgium	3.13	Singapore	2.77
Germany	3.13	Turkey	2.75
South Africa	3.11	Hong Kong	2.75
Denmark	3.10	UK	2.71
Bermuda	3.09	Germany	2.70
Hong Kong	3.04	Argentina	2.60
Czech Republic	2.95	Jamaica	2.50

The Banana Skins Index measures the average score given by each country to the 22 risks listed in the questionnaire. The higher the score, the greater is the implied "anxiety level". The Preparedness Index measures the average response given to the question: "How well prepared do you think the insurance industry is to handle the risks you identified?" where 1=Poorly and 5=Well. The higher the score, the greater is the implied level of preparedness. Note that both indices are "self-scored".

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