

# CSFI/PwC Insurance Banana Skins 2017

*Barbados report  
May, 2017*



# Insurance Banana Skins 2017

**Competition:**  
 “Competition among insurance players within mature insurance markets in the Caribbean, the challenges faced in marketing traditional insurance products to the millennial generation, and the ever increasing march of regulation are also risks to note.”

- Survey participant

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

**Product development:**  
 “The inability of insurance companies to develop and properly administer new types of products going forward.”

- Survey participant

Investment performance: “Low interest rates and lack of investment opportunities will hamper delivery of expected value to customers in life insurance and also pension funding.”

- Survey participant

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There were 22 responses from *Barbados*, as follows

Broking	1
Life	6
Non-life	3
Composite	2
Reinsurance	3
Other	7

Barbados

The response from Barbados reflected two sets of interests: those of the Caribbean insurance market, and those of the offshore insurance business located there. The state of the world economy was the top concern, along with the associated risks to investment performance in insurance company portfolios (including sovereign debt in the Caribbean).

As in the rest of the world, the growing threat from cyber crime ranked near the top of the list, as did the problems of excess capacity in the market. Barbados’ specific worries centred on institutional issues of the quality of corporate governance and risk management in insurance companies, all of which featured higher than elsewhere.

Barbados was also more relaxed about the challenge to the insurance industry from technological change, and about its ability to manage it. Striking was the low score given to political risk at a time when other jurisdictions are showing concern about growing government interference and protectionism.



Regulation: “Increased regulatory requirements in many markets within the Caribbean increase cost and distract senior management away from other business imperatives.”

- Survey participant

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

Risk	Position
Quality of risk management	11
Product development	8
Reputation	7
Macro-economy	6
Quality of management	6
Interest rates	-6
Regulation	-9
Political interference	-11
Change management	-16

# The Banana Skins Indices

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

It produced an above average score on the Preparedness Index, implying a higher 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
<b>Barbados</b>	<b>3.40</b>	Austria	3.14
Luxembourg	3.40	Netherlands	3.13
Brazil	3.38	Belgium	3.12
Argentina	3.37	Bermuda	
Italy	3.37	<b>Barbados</b>	<b>3.09</b>
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".

## Contact us



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