



Indonesia Cut of the Insurance Banana Skins 2025





Foreword

We are pleased to present the Indonesia Cut of the Insurance Banana Skins 2025 report, a localised perspective on the evolving risk landscape facing the insurance industry. This edition complements the global survey conducted by The London Foundation for Banking & Finance (LFBF) in partnership with PwC, while offering insights that are uniquely relevant to the Indonesian market.

The objective of this survey remains consistent with its global counterpart: to identify and prioritise the risks that insurers perceive as most critical to their strategic and operational resilience. However, the Indonesia Cut introduces a distinct local lens—one shaped by our regulatory environment, market maturity and socio-economic context.

While global respondents ranked cyber crime, artificial intelligence and technology disruption as top concerns, Indonesian respondents placed greater emphasis on quality of management, governance and regulatory suitability. This divergence reflects the heightened importance of leadership, institutional integrity and regulatory alignment in navigating Indonesia's insurance sector.

Notably, risks such as cyber crime and macroeconomic volatility were consistently recognised across both global and local responses, underscoring shared challenges that transcend borders. Conversely, the relatively lower concern for artificial intelligence (AI) in Indonesia suggests an opportunity for deeper engagement with emerging technologies and their implications for underwriting, claims and customer experience.

We trust that this Indonesia Cut, despite drawn from modest sample size, will serve as a catalyst for thoughtful dialogue and informed decision-making. By understanding how our local priorities align with—and diverge from—global trends, we can better anticipate future disruptions and strengthen the resilience of Indonesia's insurance industry.

Sincerely

Ivina Hartopo

Insurance Leader and Partner

PwC Indonesia



Centre for the Study of Financial Innovation (CSFI) and PwC Insurance Banana Skins 2025

Indonesia

	World	Indonesia
1	Cyber crime	Macro-economy
2	AI	Credit risk
3	Technology	Suitability of regulation
4	Macro-economy	Cyber crime
5	Climate change	Quality of management
6	Regulatory change	Reputation
7	Human talent	Business conduct
8	Change management	Regulatory change
9	Political risk	Corporate governance
10	Suitability of regulation	Competition
11	Interest rates	Technology
12	Cost reduction	Barriers to trade
13	Barriers to trade	Change management
14	Investment performance	Human talent
15	Social change modelling	Security risk
16	Reputation	Interest rates
17	Competition	Investment performance
18	Credit risk	Climate change
19	Quality of management	AI
20	Business conduct	Political risk
21	Capital availability	Capital availability
22	Security risk	Cost reduction
23	Corporate governance	Social change modelling

Indonesia

There were ten responses from Indonesia, as follows:

Broking/intermediary	0	Composite	0
Life	5	Reinsurance	0
Property and casualty (P&C)/Non-life	4	Other	1

Indonesia's response differed very markedly from the global rankings (which may partly be explained by the fact it reflected the views of ten respondents, the minimum number we require to provide a separate country cut). There were certain high-ranking concerns that were shared, such as the Banana Skins related to the macro-economy and cyber crime – but quality of management (No. 2) came in 17 positions higher than it did globally, while AI (No. 19) came in 17 positions lower.

Overall, Indonesia assigned the highest average score to the 23 Banana Skins of any territory we surveyed (see next page). While governance risks ranked low in our global table, there were three governance risks in Indonesia's top ten. A respondent said: "Strong corporate governance is crucial for effective oversight and control, and weaknesses in this area can significantly impact [companies'] operations and reputation".

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

Quality of management	17	Political risk	-11
Credit risk	16	Climate change	-13
Corporate governance	15	AI	-17
Business conduct	13		

A selection of quotes



Overall: Insurers face several key risks over the next two to three years. Market fluctuations and changing economic conditions can negatively impact their business and profitability. Ensuring regulatory compliance is crucial to avoid penalties and maintain operational stability. Protecting against cybersecurity threats is essential to safeguard sensitive information and maintain trust. Additionally, accurate solvency calculations are vital for financial stability and regulatory compliance, especially alignment with IFRS 17. These risks highlight the need for insurers to remain vigilant and proactive in managing both internal and external challenges to ensure continued stability and growth.



Regulation: [A main risk to the industry is:] Operational readiness for conducting a profitable business under IFRS 17.



Cyber crime: Cyber threats are increasingly sophisticated and can severely impact operations and data security.



Change management: Changes in customer demand and distribution channels are key factors in expanding new business sources.



Hardening market conditions: Some insurers may be priced out of key markets or forced to withdraw coverage lines.

The Banana Skins indices

Banana Skins Barometer		Preparedness Index	
Indonesia	3.80	Vietnam	3.70
Malaysia	3.61	Spain	3.54
Türkiye	3.59	New Zealand	3.50
Vietnam	3.51	Brazil	3.45
Singapore	3.44	Indonesia	3.40
New Zealand	3.40	USA	3.38
Brazil	3.31	Denmark	3.29
Spain	3.31	Italy	3.29
Japan	3.30	Netherlands	3.28
Italy	3.27	Japan	3.27
South Africa	3.23	Global	3.27
Taiwan	3.22	Canada	3.25
Australia	3.21	Germany	3.24
India	3.15	Singapore	3.21
Global	3.14	UK	3.21
Luxembourg	3.13	South Africa	3.18
UK	3.13	Malaysia	3.11
USA	3.13	Australia	3.06
Germany	3.06	Taiwan	3.06
Netherlands	3.02	India	3.00
Canada	3.00	Luxembourg	3.00
Denmark	2.93	Türkiye	3.00
China	2.91	China	2.90

The Banana Skins Barometer measures the average score given by each territory with ten or more respondents to the 23 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”.

Indonesia scored above average on the Banana Skins Barometer, implying a higher level of anxiety, and above average on the Preparedness Index, implying a higher level of preparedness.

PwC thought leadership publications



Insurance Banana Skins 2025 – Global Report

As the sector grapples with shifts driven by artificial intelligence, geopolitical tensions, cyber threats, and climate change, the Insurance Banana Skins 2025 report offers essential insights and identifies the top risks and emerging challenges facing the industry.

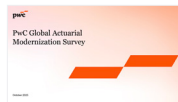
[Read more](#)



Reinventing insurance: An industry beyond the tipping point

For decades, insurers benefited from a stable business environment with relatively straightforward risk and capital management considerations. However, business as usual has turned into business as unusual. Social, technological, economic, environmental and political risks have become increasingly volatile. As a result, covering more frequent and severe loss events while operating a capital-intensive business is much more challenging.

[Read more](#)



Global Actuarial Modernization Survey 2025

Actuarial modernization enables insurers to streamline reporting, improve insights, and meet evolving regulatory requirements. It drives short-term efficiency and accuracy while building long-term resilience, innovation, and competitive advantage. Actuarial modernization is a vital part of any insurance company's broad transformation strategy.

[Read more](#)



Global Insurance Run-off Survey 2025

Welcome to the sixteenth edition of PwC UK's Global Insurance Run-off Survey, which has been produced in conjunction with the Insurance & Reinsurance Legacy Association (IRLA) and the Association of Insurance and Reinsurance Run-Off Companies (AIRROC).

[Read more](#)



Global M&A trends in financial services

Bold bets amid uncertainty: How megadeals, private credit and regional momentum are shaping financial services M&A in 2025.

[Read more](#)



Next in insurance 2025

Clear goals and careful execution can help insurers meet complex challenges.

[Read more](#)



Health insurer of the future

Health insurance is among the fastest growing industries globally, and the COVID-19 pandemic further accelerated its growth in the past two years. The pandemic has also driven health awareness among consumers and accelerated digital adoption and the evolution of healthcare ecosystems. Health insurers need to reinvent their business models to adapt to the rapidly evolving industry.

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