



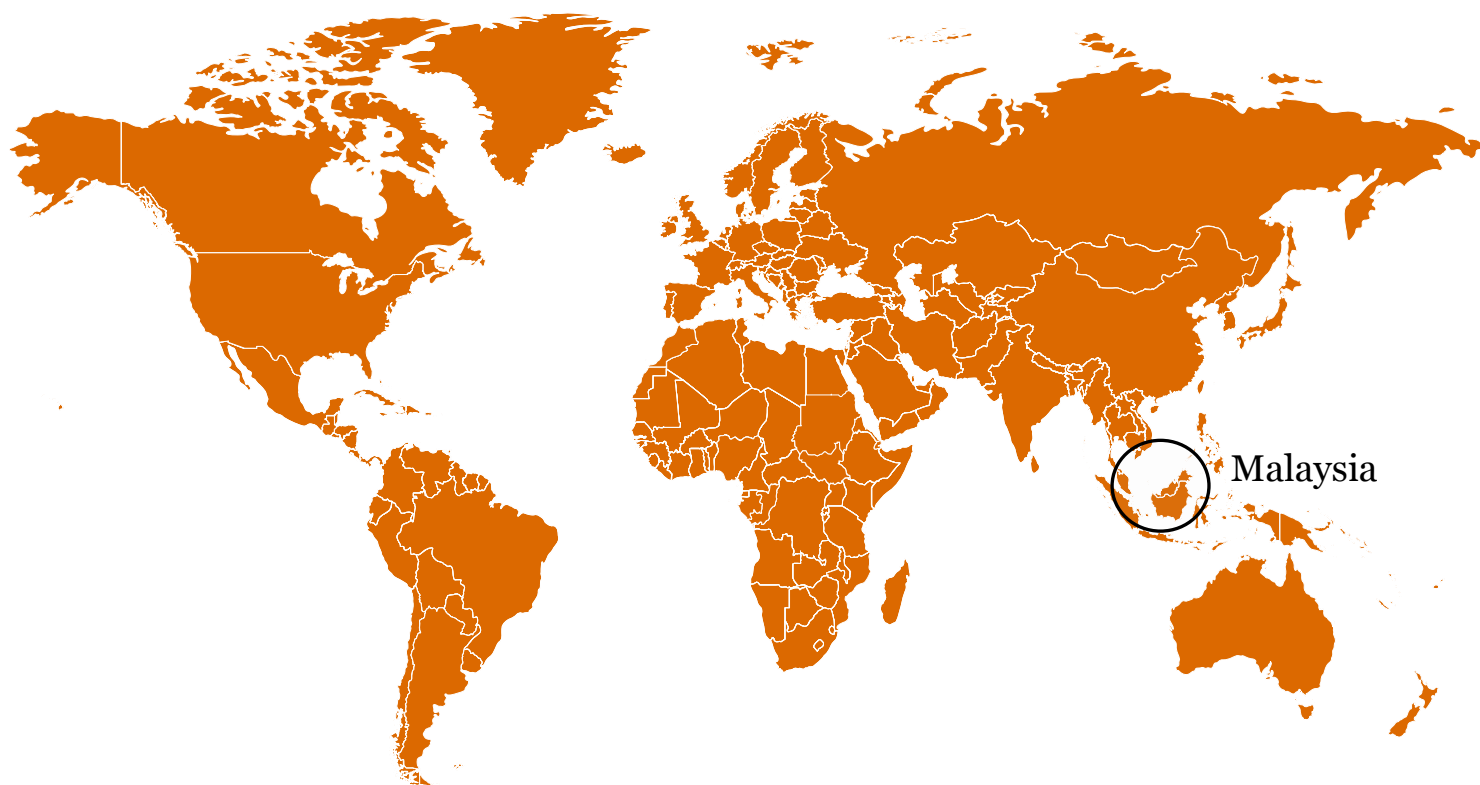
# *Insurance Banana Skins 2017*

Making sense of the disruptive  
insurance landscape



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

# Survey highlights

## **24 responses from Malaysia:**

Broking	1
Life	10
Non-life	8
Composite	4
Reinsurance	0
Other	1

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

Reputation	10
Quality of management	10
Human talent	8
Corporate governance	5
Quality of risk management	4
Political interference	-6
Cost reduction	-6
Guaranteed products	-6
Investment performance	-7
Interest rates	-8

The response from Malaysia was dominated by concern about the quality of management in the insurance industry and the availability of human talent to staff it.

In particular, concern focused on the capacity of management to address the challenges facing the industry from new technology, new types of competition and more competitive markets, given detariffication.

Cyber risk was a further high level concern. These concerns about technological impact were in line with global findings.

Also in common with other countries, Malaysia showed concern about the scale of new regulation, commenting on its potential to increase cost and reduce competitiveness.

Relative to the rest of the world, reputation risk was Malaysia's highest concern given the trust-based nature of the takaful system.

On the economic front, the responses touched on the persistence of low interest rates and their impact on insurance company performance, though generally macro-economic concern was somewhat lower than the global average.



### A selection of quotes

*“Poor management will lead to wastage of talent and resources.”*

*“Insurers need to build capabilities to innovate. The customer base is changing, with new demands and market segments. If insurers are slow to develop the distribution channels for a new type of customers, they will not be able to grow.”*

*“Insurtech is a disruptor and will eat into the insurer's pie. The insurance industry should welcome the need to innovate and partner with such companies.”*

*“Companies are overwhelmed by constant regulatory changes. This could definitely have a major negative impact on the industry's development and market penetration.”*

### The Banana Skins Indices (see next page)

Malaysia 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.

# Global indexes

Banana Skins index			Preparedness index	
1	Taiwan	3.66	Spain	3.56
2	India	3.61	Switzerland	3.36
3	Portugal	3.61	Sweden	3.36
4	Mexico	3.59	Brazil	3.29
5	Indonesia	3.58	Denmark	3.27
6	Thailand	3.57	Indonesia	3.26
7	Philippines	3.56	Thailand	3.22
8	MALAYSIA	3.52	Italy	3.20
9	Turkey	3.50	MALAYSIA	3.19
10	Greece	3.50	Colombia	3.18
11	Japan	3.45	Cayman Islands	3.18
12	Barbados	3.40	Austria	3.14
13	Luxembourg	3.40	Netherlands	3.13
14	Brazil	3.38	Belgium	3.12
15	Argentina	3.37	Bermuda	3.11
16	Italy	3.37	Barbados	3.09
17	Jamaica	3.36	Portugal	3.07
18	Singapore	3.35	Japan	3.03
19	Switzerland	3.33	GLOBAL	3.02
20	GLOBAL	3.31	Ireland	3.00
21	Australia	3.31	Luxembourg	3.00
22	Colombia	3.31	China	3.00
23	UK	3.26	Philippines	3.00
24	Canada	3.25	Mexico	3.00
25	Netherlands	3.25	Australia	2.98
26	Sweden	3.24	Taiwan	2.90
27	Spain	3.23	South Africa	2.90
28	USA	3.18	Greece	2.88
29	Cayman Islands	3.18	Canada	2.86
30	Ireland	3.17	New Zealand	2.86
31	China	3.16	India	2.86
32	New Zealand	3.14	USA	2.85
33	Austria	3.14	Czech Republic	2.80
34	Belgium	3.13	Singapore	2.77
35	Germany	3.13	Turkey	2.75
36	South Africa	3.11	Hong Kong	2.75
37	Denmark	3.10	UK	2.71
38	Bermuda	3.09	Germany	2.70
39	Hong Kong	3.04	Argentina	2.60
40	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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