

Turning challenges into opportunities in the insurance industry

Overview of PwC's Insurance Practice

*Helping insurers
and intermediaries
navigate their way
through change
and complexities*



PwC Insurance Practice

– Solutions to help insurers gain that competitive edge

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Foreword



Alywin Teh

Singapore Insurance Leader

Insurance is an interesting sector of the wider financial services industry in Singapore. Singapore's favourable tax regime, sound and stable legal & regulatory environment, world class infrastructure have attracted insurers and intermediaries from across the world to establish operations in Singapore. Indeed many insurers have chosen Singapore as their regional hub in the Asia.

In an increasingly inter-connected world, the impact of global developments and trends in the insurance industry are equally felt by insurers globally and in the Singapore marketplace. Both continue to operate under intense competition for market share and profitable growth in the face of tightening margins, unprecedented uncertainties exacerbated by a significant run of terrible natural disasters, market consolidation, weakening investment climate and mounting regulatory changes and challenges. These factors taken in aggregate pose significant challenges to insurers and intermediaries. However, they also offer unique opportunities to firms that understand how to take advantage of changes to emerge stronger and more profitable.

Successful insurers and intermediaries have focused on engaging loyal customers with value-added products and personalised services, having lean and agile processes and systems, inculcating an effective enterprise risk management as a culture, and having a clear strategy. They are also the firms that are able to:

- develop a clear strategy for value creation and market differentiation;
- communicate how this strategy differs from those of their competitors;

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- articulate why it deserves to be valued differently;
 - attract and retain talent;
 - develop the risk analytics to enhance innovation;
 - price their products more competitively; and
 - capitalise on emerging market opportunities.

We have prepared this publication as a one-stop reference guide on PwC's range of professional services for insurers and intermediaries operating in the Singapore insurance sector as well as prospective insurers and intermediaries looking to enter the sector. It seeks to offer some insights that provoke insurers and intermediaries to think about how they can compete more effectively in an ever-changing, challenging, but rewarding insurance market. Working with me in PwC Singapore is a team comprising over 150 professionals well versed in emerging challenges and opportunities facing insurers and intermediaries. Our team of experts is also well equipped to provide valued clients with Assurance, Tax, Advisory and Actuarial services. Many members of the insurance team have contributed to this publication and I would like to thank all those who contributed.

On behalf of the entire PwC Singapore Insurance team, I am delighted to introduce to you this publication which highlights key issues and challenges, asks thought-provoking questions and explains how PwC can help insurers and intermediaries “navigate their way through change and complexities in the insurance industry”.

Alywin Teh
Singapore Insurance Leader
PwC Singapore





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Audit Services

Rapid developments in corporate and regulatory reporting for insurers, together with the growth in the market, will place significant demands on finance functions over the next five years. Our insurance audit practice includes dedicated specialists linked into our global insurance practice. We help clients navigate these challenges.

Issues and Challenges

- Are there complex transactions within the business plans? What is the accounting treatment (and other impact) of these transactions?
- Is the company up to date with accounting and regulatory changes that impact the business?
- Are my systems able to cope with business expansion plans? Is the control environment fit for purpose?
- How long does it take to close my books and complete the financial reporting process periodically?
- Are there too many manual interventions (manual journals/workaround) involved in the financial statements close process?

How PwC can help

Our audit approach draws upon our extensive industry knowledge and is tailored to the size and nature of the client's business

- Provide statutory financial audit
- Provide regulatory financial audit
- Advise on regulatory reporting requirements by SGX, MAS, US Sarbanes-Oxley, etc
- Provide independent review of other reporting information

Clients' benefits

- Assistance with complex reporting issues brought about by changes in accounting and insurance regulations
- Improved controls and processing systems
- Insight on industry developments and how others in the market are addressing issues



We focus on building relationships, understanding our clients' business and developing our teams' industry knowledge. In this way, we are in a strong position to deliver assurance and value from our audit work.

Roy Clark

Partner

Financial Services Industry Practice

Controls Assurance

Regulations change. New trends emerge. Demand for trust and transparency grows greater as insurers rely more on external organisations to meet their goals. Increasingly, having comfort in internal controls, processes, policies and data as well as those of suppliers, vendors and partners is a business imperative.

Issues and Challenges

- Am I operating in heavily-regulated markets which require outsourced service providers to comply with laws and regulations (e.g. Sarbanes-Oxley Act, MAS outsourcing guidelines)?
- There has recently been an acquisition of a new business. How can I gain assurance over the effectiveness of internal controls within the new entity?
- My business has outsourced key business processes such as policy management, claims processing, assets administration and underwriting. How do I demonstrate to stakeholders and regulators that control procedures at the service organisation complement those operated by my organisation and that adequate internal controls are in place?

How PwC can help

We have extensive experience in a variety of assurance standards and evaluation criteria, which include but are not limited to the following:

- American Institute of CPAs (AICPA) Statement on Auditing Standards (SAS) No. 70
- AICPA Statement on Standards for Attestation Engagements (SSAE) No. 16
- Audit Guidance Statement 8
- Agreed-Upon Procedures
- International Standard on Assurance Engagements 3000 (“ISAE3000”)

We can provide controls assurance over the organisation’s internal control procedures, assist clients through all the stages of the reporting cycle including determining which standards to apply, what level of assurance should be provided, when to issue the first report, how to prepare the descriptions of controls, what evaluation processes management might employ and how to rectify any control exceptions identified.

PwC provides companies assurance beyond the financial statement audit by delivering innovative solutions to drive market share, revenue and distinction in the marketplace.

Alywin Teh
*Singapore Insurance
Leader*



Clients' Benefits

- Identification of appropriate control improvements that meet stakeholder requirements through a review of processes and controls
- Removes the burden of having to manage and respond to multiple stakeholder requests
- Addresses MAS regulatory requirements over outsourcing
- Independent assurance on controls for services provided by a supplier, service provider or shared service centre
- Recommendations on control improvements by a third party expert
- Good governance that demonstrates the quality of the organisation

Accounting Advisory

Companies face challenges in dealing with increasing complexity of accounting guidance and regulatory changes. Insurers will need to evolve to accommodate complex business structures and transactions. At the same time, they will need assistance to address accounting issues as they arise.

Issues and Challenges

- Is the company aware of all the new accounting standards and exposure drafts?
- Is there a need for project management assistance for adoption of new standards?
- Does my company have a well established process in place to assess the impact of new standards on my business?
- Do I need assistance for the implementation of IFRS 9 and IFRS 4 Phase II?
- Is my company exposed to complex products?

How PwC can help

Our specialists are able to provide clients with a range of services on accounting:

- Conduct GAAP analysis on new standards
- Review the accounting treatment/disclosure arising from new standards
- Provide due diligence support
- Assist in implementation with client secondments
- Participate in Finance transformation project
- Draft new accounting policies
- Do actuarial modelling for impact analysis on IFRS 4 exposure draft
- Conduct training on IFRS
- Design and implement general ledger or chart of Accounts
- Assist with outsourced Accounting Advisory/ Support services

Clients' benefits

- Robust financial reporting process
- Timely closure of accounts and reporting
- Minimal disruption to business-as-usual due to new accounting standards
- Potential streamlining of closing process

PwC's Accounting Advisory Team provides practical accounting solutions to clients in order to assist them in meeting their needs and complying with the relevant standards.

Chen Voon Hoe

Partner

Accounting Consulting Services



Financial Statement Preparation

With foreign branches in Singapore having to file statutory financial statements with the Accounting and Corporate Regulatory Authority of Singapore (ACRA), insurance branches are now beginning to address the issues relating to producing such financial statements. To help meet these challenges, PwC can support clients in the production of financial statements.

Issues and Challenges

- Do I have the information readily available for additional disclosures under SFRS for example FRS 104 – Insurance Contracts, FRS 107 – Financial Instruments: Disclosures?
- Can I justify the differences between my statutory financial statements and MAS regulatory returns? Has there been a reconciliation performed of the two?
- What information is required to prepare my cashflow statement?
- Have I incorporated tax disclosures in my financial statements including a tax reconciliation note?
- In the event that the preparation basis is different from the Group's, can I justify the difference between both bases?
- Am I confident of the completeness of the disclosures in my notes to the statutory financial statements?

How PwC can help

Finance process and people development

- Review of the financial close process
- Assist in designing financial reporting controls
- Assist in developing operating policies and procedures
- Provide guidance on designing financial reporting controls
- Assist in accounting training for Finance people



Statutory financial statements preparation

- Provide technical quality assurance over opening balances for the statutory financial statements
- Assist in developing the proforma statutory financial statements including presentation of the financial statements
- Review the disclosures as required under the Singapore Financial Reporting Standards (SFRS) and the Singapore Companies Act in the statutory financial statements
- Provide guidance on classification of line items for XBRL filing

Technical accounting advice

- Provide advice on classification/ accounting treatment differences between regulatory (MAS requirements) and SFRS
- Provide guidance on reconciliations between MAS and SFRS reporting
- Provide guidance on production of cashflow statements

Clients' benefits

- Quality – Our promise to our clients is to provide the top quality of work and service
- Expertise – Having worked with many insurance clients ensures that we have the experience and know-how of bridging the gap from MAS Returns to the statutory financial statements
- Efficiency – We are extremely well placed to provide an excellent view and independent challenge in reviewing the processes in place to produce statutory financial statements in a timely manner

With our expertise in the insurance industry, and our knowledge of regulatory requirements, our team is able to support our clients in preparing statutory financial statements.

Woo Shea Leen

Partner

Financial Services Industry Practice



Regulatory & Capital Management Advisory Services

Regulatory and capital changes are fast becoming one of insurers' biggest challenges today, which involves additional resources, costs and attention. Regulatory and capital management involves providing support, advice and assurance to help insurance companies manage regulatory risks and concerns.

Issues and Challenges

- What do we need to comply with to obtain the licensing requirements?
- What are the criteria to incorporate a branch?
- How can we improve the regulatory compliance in the insurance company?

How PwC can help

We have a dedicated team of regulatory specialists to provide industry-specific support in the regulatory and capital management areas.

Regulatory

- Guidance in process improvement of regulatory returns
- Support in licensing
- Guidance in incorporation of branch to company
- Compliant handling
- Advise on anti-money laundering
- Provide secondment support for regulatory returns
- Conduct training on regulatory matters
- Audit support

Capital management

- Analyse capital optimisation

Clients' Benefits

- Maximised competitive advantages from regulation
- Avoidance of penalty and/or business disruptions as a result of breach of regulations
- Opportunity for management to concentrate on managing the business



We provide direct support, advice and assurance to our clients to help them manage regulatory risks and concerns.

Ang Sock Sun

Financial Services Industry Practice

Internal Audit Services

Internal Audit (IA) plays a critical role in providing objective assurance that protects the business against risk, informs strategic decision making and improves its performance. We can help clients improve the value and performance of the IA function by providing customised solutions.

Issues and Challenges

- Is IA actively supported by management, objective and suitably independent?
- How can my IA function focus on the key risks of the organisation, allocating time appropriately between 'fundamental assurance' and process improvement work?
- Does my IA function have access to the 'right' resources, in number and skill sets?
- Does my IA function use best practice procedures to ensure that its conclusions are robust and add value?
- Do current IA reports address the real risks of the business with practical solutions that add real value?



Aaron Oxborough (Left) and Alywin Teh

How PwC can help

Internal Audit Delivery

- Outsourcing
- Co-sourcing
- Specialist reviews in all risk categories and functions, including technology, actuarial and tax
- Support with IA staff secondments
- Assist with controls optimisation/Compliance with regulations

Internal Audit

Performance

Improvement

- Performing IA quality assurance reviews
- Benchmarking against high performing IA functions globally and to identify the gaps noted for improvement
- Developing strategic plans and supporting transformation initiatives
- Establishing IA functions

Internal Audit

Operations

- Developing/enhancing IA methodologies and manuals
- Performing risk assessments and developing audit plans
- Developing IA competency frameworks and training programmes
- Developing and delivering IA training on IA practices and technical areas
- Supporting the selection, configuration and administration of IA tools (Audit Management Systems)
- Providing and maintaining the above operational support as an outsourced Professional Practices Unit

The role of Internal Audit in the financial services industry is evolving due to volatile economic conditions, increased globalisation, and new and emerging risks. This environment has led to even greater regulatory pressure and public scrutiny. PwC provides a range of internal audit services, to help internal audit realise its full strategic potential.

Alywin Teh

Singapore Insurance Leader

Aaron Oxborough

Financial Services Industry Practice

Clients' benefits

- Address stakeholders' expectations and value drivers
- Enable IA function to move towards 'best in class'
- Realign IA's plans around risk to create greater value
- Access to quality IA resources and deep subject matter expertise
- Redeployment of management resources to other, more strategic uses





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Tax

PwC has been consistently hailed by International Tax Review as a leading tax advisor – we deliver smart, sharp and sensible tax solutions to meet insurers' local, regional and global needs.

Issues and Challenges

- I'm faced with complex tax rules and an ever-changing accounting and regulatory environment. How do I achieve greater focus on compliance and accuracy?
- Does my tax advisor understand my business enough to appreciate the ramifications of a proposed tax solution?
- I'm implementing a new distribution strategy. Does this have any tax implications?
- My group is reorganising and setting up service hubs. What are the tax implications when structuring the cross-border service payments?
- Am I optimising my use of tax incentives available?
- My employees travel around the region in the course of their work. Am I or my employees exposed to tax risks in other countries?
- My operating model involves certain cross-border arrangements. What are the tax risks involved?

We believe we're the best in the business. Not many tax consultants in the insurance business can give you the insight and benefit of deep industry knowledge with your tax technical advice.

Yip Yoke Har

Partner

Tax

Goh Chiew Mei

Tax Financial Services



Yip Yoke Har



Goh Chiew Mei



How PwC can help

PwC takes a multidisciplinary approach, integrating our specialist industry networks and maintaining strong relationships with tax authorities and policymakers. We believe in working with all stakeholders to bring a positive contribution to the insurance industry.

Income Tax

We pride ourselves on bringing a wealth of insurance industry knowledge and experience to help our clients manage and fulfill their income tax compliance obligations. Our team helps clients:

- Reduce operating costs
- Improve control and coordination of regulatory and tax compliance risks and issues

- Free up internal resources to allow time for value-added activities in clients' core competencies

We also assist clients to solve complex tax issues arising from a wide range of transactions, including:

- Product taxation
- Distribution structures
- Capital management
- Local business and cross-border structuring
- International tax structuring
- Mergers and acquisitions
- Incentive planning & negotiation
- Withholding tax planning
- Stamp duty advice and planning

- Operational tax risks
- Tax dispute analysis & investigation
- Transfer pricing

Transfer Pricing

Our team of transfer pricing specialists are well connected regionally and globally. We help clients plan comprehensive tax strategies through the use of transfer pricing methodologies. We also help clients understand and comply with local transfer pricing rules. We have advised clients on:

- Planning
- Documentation
- Dispute resolution
- Advance pricing agreements



Goods and Services Tax (GST)

Our GST teams are at the forefront of tax developments and have the industry specialism and experience to provide a wide range of services to our clients. These include:

- Advice on strategy, structuring and planning to mitigate GST costs/risks
- Advice on compliance and reporting, including outsourcing of compliance
- Support with internal controls review and GST risk management
- Assistance with dispute analysis and negotiations with tax authorities, obtaining rulings and litigation
- In-house GST training

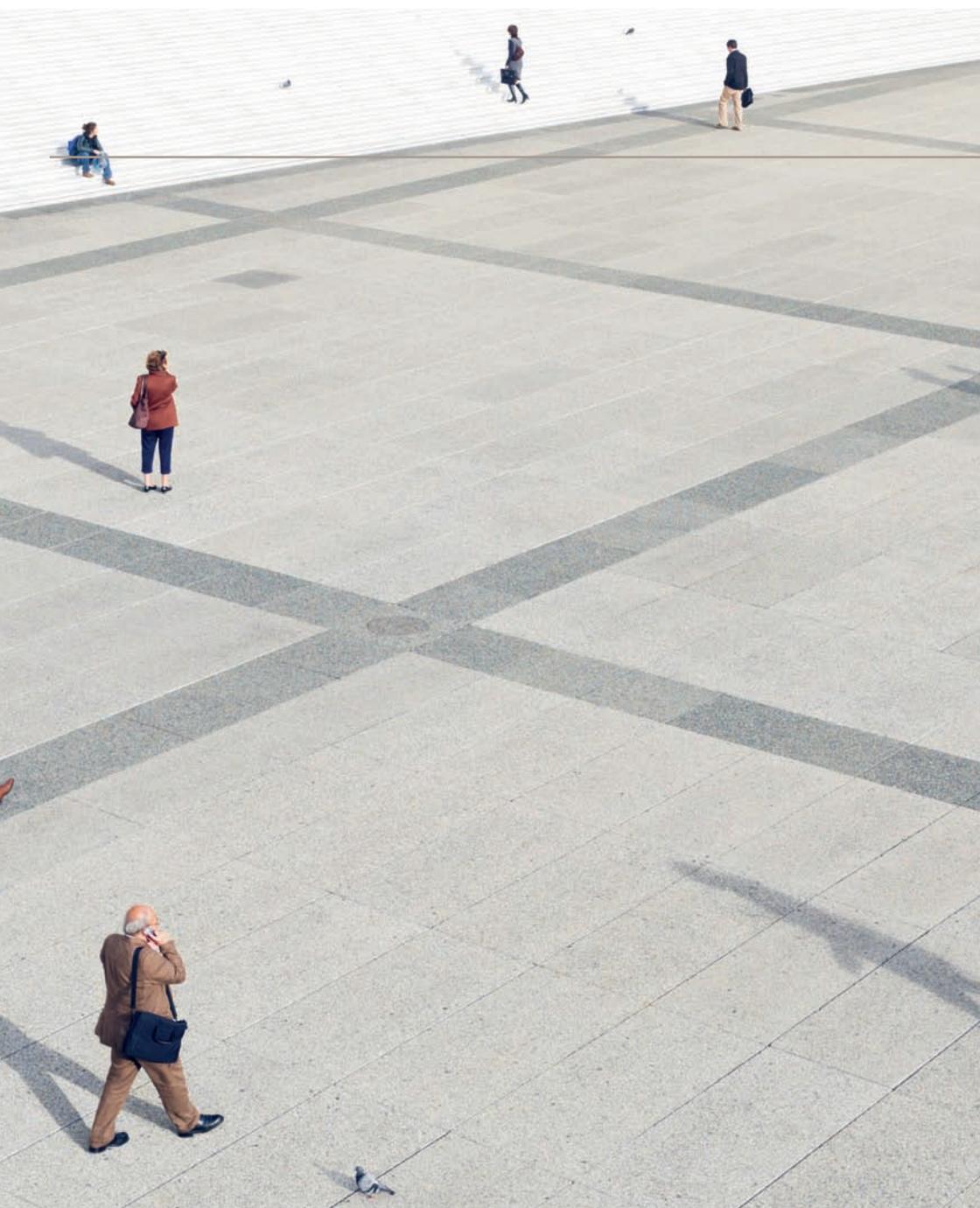
International Assignments Solutions

Across Asia, we have a breadth of skills to manage the complexity of international assignment issues such as:

- Pre and post-departure consultation with expatriates
- Commencement and cessation notification
- Income tax returns and tax computations
- Expatriate/local employee income statements
- Structuring and designing tax efficient remuneration
- Advising on statutory tax obligation
- Determining assignee's tax resident status
- Global visa solutions

Clients' Benefits

- Operational efficiency
- Reduced corporate tax costs
- Reduced cross-border withholding tax costs
- Cost-efficient approach to transfer pricing planning and documentation
- Reduced goods and services tax cost
- Reduced uncertainties of market entry and reorganisation
- Reduced uncertainties of venturing overseas
- Maximised tax incentives and concessions
- Ease of negotiation with government agencies and tax authorities





Actuarial

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Actuarial

The insurance industry requires actuarial expertise and consulting services. PwC has the breadth of expertise and experience to provide insights and solutions in areas such as actuarial process improvement, risk & capital management, value analyses and international financial reporting standards.

Issues and Challenges

- Is my capital management policy integrated with my business planning and product pricing?
- How much economic capital do my shareholders have at risk in the business operational plan over the course of the next year?
- Is the corporate structure organised to make the best use of re-insurance (captive) arrangements across the business?
- How can I have an employee benefit programme to improve talent retention?
- How does my employee benefit scheme benchmark with competitors?
- Are the liabilities of the employee benefit plan valued properly and do they comply with the relevant accounting standard?

How PwC can help

Capital Management

is important for insurers to achieve target returns for their capital providers and policyholders.

- Advise on implementation of tools to review asset allocation and recognise management action opportunities
- Develop a framework to improve capital management
- Assist in tailoring outputs from capital models to meet changes in regulations
- Determine the impact of strategic decisions on shareholder value



We specialise in helping financial services companies create, sustain and increase shareholder value by adopting a value-based approach to the issues they face. Risk quantification and dynamic financial modelling of risk outcomes provides the management tools required for more informed business decisions.

Marcus Kok

Actuarial/Benefits & Insurance

Transaction Support

assists clients in acquisitions, sales and strategic alliances with one overriding objective: maximise return. Clients can benefit from due diligence findings.

- Carry out appraisal valuation
- Identify price adjustment areas and values
- Benchmark valuations with recent regional and global transactions
- Advise on key transactions issues, particularly on capital and financial structuring

Financial Management Reporting

is the development of a reporting system which integrates the insurer's actuarial projection models with regulatory business reporting.

- Portfolio modelling
- Design Financial Management Information reporting system
- Cross business quality assurance
- Manage implementation
- Business planning and financial modelling
- Prepare regulatory returns



Employees Benefit

related services involves a valuation, scheme design, or reporting of an employer's liability for long term employee benefits.

- Review and benchmark
- Employee benefits
- Design or revise employee benefits schemes including retirement benefits, long service awards and share options
- Valuation of employee benefits liabilities under accounting standards such as IFRS and US GAAP
- Solvency and funding valuation of employee benefit scheme
- Due diligence regarding employee benefits in M&A
- Asset liability matching and modelling



Clients' benefits

- Sound investment strategies
- Better use of shareholder capital
- Ability to make better strategic decisions in transactions
- Integrated financial reporting that balances regulatory and business planning
- Product design, risk management
- Improved process and organisation design for financial management
- Better knowledge of the impacts surrounding new regulations and reporting requirements
- Improved employee turnover rate
- Attraction and retention of talent
- Better understanding of the employee benefit obligations during M&A
- Ability to create valuable employee benefits with financial feasibility





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Customer Relationship

Successful insurers in today's challenging economic climate are those who put in effort to understand their customers' needs and preferences, and connect to them. Besides the products, insurers need to offer customers choices in how they want to interact with the business.

Issues and challenges

- Who are my most valued customers and what are their needs and aspirations?
- Is our sales process too long, too complex or not customer centric?
- How do we exploit new trends such as mobile and the social-web?
- Are we getting the right results from my sales team? Are we paying out commission accurately and effectively across channels and products?
- How much does it cost my business to deliver service to my customers?
- What do we need to do in terms of process, customer analytics and fraud to improve the financial picture?
- How are our customers being engaged? Are we effectively using digital channels and new trends, such as mobile phones and social networking?
- Are we treating customers fairly?
- What are the changes that need to take place in the organisation to meet these demands?

How PwC can help

- Product design and development support
- Customer service target operating model
- Customer value segmentation
- Development of customer treatment strategy
- Distribution management review
- Distribution partner evaluation and due diligence
- Remuneration system design; agency compensation review
- Performance improvement review
- Voice of customers' survey
- Major change project management or advisory service

Clients' Benefits

Whilst it is important to sell successfully to prospective customers, it is equally important that insurers retain existing customers. Customer management focuses on customer lifetime value and offers insurers the opportunity to make more revenue per customer through cross selling and improved retention.

- Improved customer trust, through better insights into customers' needs and expectations
- Highly effective sales organisation, with efficient practices, better trained staff and organised teams that will bring in higher revenues at lower cost

- Engagement of customers through new channels to market such as digital and mobile services, in a way that is aligned with existing channels
- Maintain an effective customer service operation that will provide a quality service at a reasonable cost
- Better product payouts, leading to better growth opportunities and customer retention
- Increase profitability and manage life time value of customers

Increasingly, insurers need to know their customers, design products and services that customers will want to buy, and make them available via the customers' desired channels.

Michiel van Selm

Financial Services Industry Practice



Customer Data Analytics

Customer data analysis can be generated from data captured during the lifetime of an insurer's relationship with customers. Gaining maximum value from this information entails supplying accurate customer analytics. This will help support management decision making, as well as support sales and service operations.

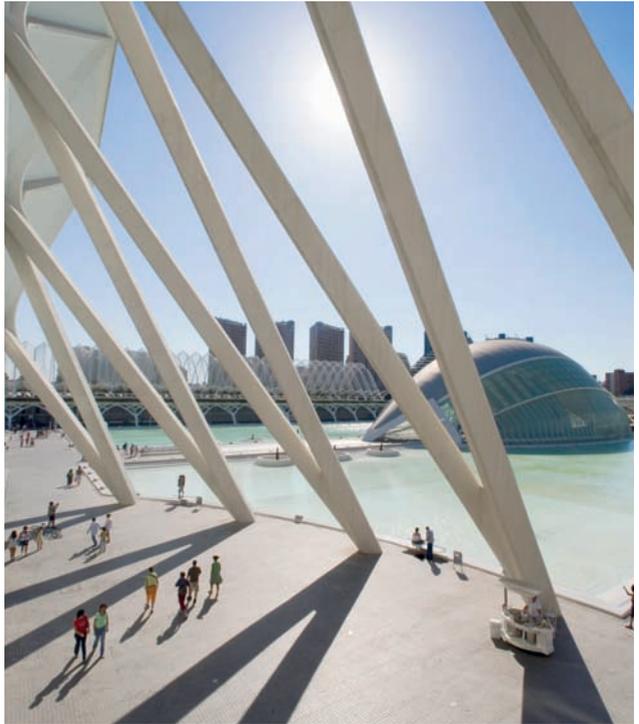
Issues and challenges

- Do I know my customers?
- Do I know the profitability of each customer and product?
- Is there a single view of customers shared across channels to market?
- What do I do with this information?
- How do I monitor customer risk?

How PwC can help

We offer a wide range of customer data management consulting services, which include but are not limited to:

- Assess current customer and employee base to get a snapshot of customer, employee and business performance
- Undertake Voice of the Customer research to understand current & future values, needs, requirements and willingness to pay
- Use analytical techniques to model revenue, costs and customer behaviour to determine the potential customer lifetime value by customer segment
- Integrate models into business, and provide supporting services such as model governance, monitoring and maintenance
- Align segmentation and marketing strategies to customer intelligence



Clients' Benefits

The ability to spot trends through customer data requires a 360° view of the customer base, and is relevant to growth. Customer data analytics is therefore key and is focused on these areas:

- Product profitability
- Customer profitability
- Customer segment profitability
- Market profitability
- Cost of sales by product
- Channels & Market

Better understanding of customers leads to:

More effective sales

- Cross-sell opportunities
- Client segmentation
- Personalisation
- Direct campaigns

Reduced costs

- Consolidated data environment
- Reduced manual data entry
- Automate manual processing

More effective client servicing

- Accurate client segmentation
- Customised service offerings
- Comprehensive client view
- Householding

Reduced risk

- PATRIOT Act, Know-Your-Customer Compliance

Digital Channel

Customer expectations and behaviours are changing. Insurers are being impacted by the rise of digital, mobile and social interaction. A comprehensive response is required to grasp the opportunities present and meet the risks involved.

Issues and Challenges

- What drives success in the digital world?
- Who are my customers and what is their online behaviour?
- What value propositions will bring benefit to both our clients and our company?
- What is the impact of the new digital developments on my organisation, processes and technology?
- How do I sequence and prioritise the relevant projects?

How PwC can help

PwC can help insurers realise the possibilities of the digital economy. We offer a wide range of management consulting services:

- Advise on definition of distribution and channel strategy
- Conducting assessment of voice of the customer and customer experience
- Developing customer value propositions
- Conducting assessment on channel capability and operating model
- Assist with digital transformation roadmap and business case preparation
- Advise on multichannel marketing strategy definition

Clients' benefits

More than ever, insurers need to be clear about their goals and strategy in response to the digital opportunity. The entire value chain, from products, marketing, sales and distribution is impacted. The challenge now is how to identify and capture value in the digital world.

Transforming channels and implementing new digital value propositions will lead to:

Increased convenience

- The ability to access content and services wherever and whenever desired
- Comprehensive product information and real-time status updates mean that product availability and staff expertise do not pose barriers to carrying out a transaction

Greater value

- The low cost of delivering products and services through digital channels passed on to customers
- Robust search and comparison tools make it easier for customers to find the best value

More control

- Customers are able to control the pace and schedule of conducting business, having the opportunity to pause during a sales process to think, to further research or to seek other opinions
- Channel choice means that customers can initiate and carry out transactions using their preferred channel or combination of channels

Better information

- Digital channels offer universal access to data. For customers, this means product and service ratings, comparisons, reviews and comprehensive features and benefits information

Expanded choice

- Access to a wide breadth of products and services, regardless of time and place
- More relevant and personalised offers

The digital channel has touched all industries and is continuing to dramatically impact the way companies conduct their business. The winners will be those who can most effectively adapt to the expectations of the digital customer.

Michiel van Selm

Financial Services Industry Practice



Bancassurance

Banks and Insurers are continuously optimising their distribution strategy and product mix, with Insurance products being sold through banking channels. Advanced Bancassurance propositions impact the entire value chain, from product design and selection, through to marketing, sales and distribution. Banks and insurers need to be clear about their goals and strategy relating to Bancassurance as a distribution channel, for better customer outcomes and greater transparency.

Issues and Challenges

- How do I optimise the usage of the Bancassurance channel without cannibalising my direct and intermediary channels?
- How should I future proof my distribution for the likely regulatory emerging trend of limiting on line purchases to simple/non complex products?
- How do I optimise my pricing by product and channel?
- Is non commission or commission based charging optimal and what are the regulatory limitations?
- How do I ensure a consistent customer experience in a situation whereby a third party owns the customer relationship/product?
- How do I add value to the Bancassurance channel through online capabilities and innovative value propositions embedded in product bundling?
- How do I train the distribution and delivery team?
- How do I manage the underwriting, designing and pricing of Bancassurance products?

The challenge for banks and insurers has increasingly become how to identify and capture value through the Bancassurance channel while ensuring a consistent customer experience and complying with regulations.

Michiel van Selm

Financial Services Industry Practice

Stafford Neil

Financial Services Industry Practice



Stafford Neil (Left), Michiel van Selm

How PwC can help

We offer a wide range of services, which include:

- Developing a clear vision on the future of distribution including impact of (global) regulatory changes
- Providing advice on Bancassurance distribution strategy
- Conducting assessment of customer preferences including price sensitivity and advisory fee optimisation
- Conducting assessment on Bancassurance operating model
- Developing Bancassurance value propositions
- Assisting with transformation roadmap and business case preparation

Clients' benefits

Capturing the value of the Bancassurance channel leads to:

Improved value proposition

- Customer buying behaviour is shifting towards a 'needs based' approach. The Bancassurance channel is ideally positioned to match the customer needs with a complete suite of bank and insurance products
- The extensive relationship banks have with customers can now be used to sell high valued complex products (within regulatory restrictions), taking into account the customer needs and risk appetite

Improved customer experience

- Bancassurance channel will allow customers to have a 'one-stop-shop' for all their financial products and financial service requirements
- With proper training bank staff can provide customers holistic financial advice across banking and insurance products

Improved profitability

- By leveraging and integrating existing channels and customer relationships, selling and servicing of customers can be done more efficiently

Better information

- Combining information from both bank and insurers creates a full view of the customer that can be used to optimise campaigns, shape product design and streamline processes

Finance

Chief Financial Officers of insurance companies need to build a high-performing, value-adding Finance function that balances three key objectives – maintain control, drive efficiency, and provide insight.

Issues and Challenges

- How can my Finance function add more value to the business?
- How can my Finance function stay agile and manage changes that are externally driven (e.g. regulatory and accounting) and internally driven (e.g. new business initiatives and systems)?
- How can my Finance function continually extract efficiencies and cost savings?
- How can my Finance function maintain control and governance with shared service centres?

How PwC can help

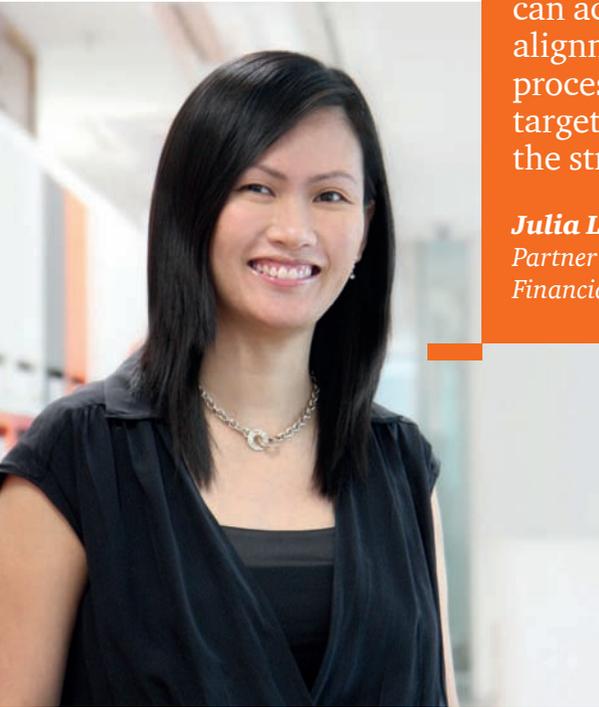
We can assist clients to achieve a balance along the dimensions of control, efficiency and insight:

Control

- Controls optimisation
- Integrated risk and control frameworks
- Sustainable compliance with accounting standards
- Accounting policy development and implementation

Efficiency

- Shared services, off-shoring and outsourcing
- Finance process re-engineering applying LEAN or other developed methodologies
- Accelerated close
- Finance benchmarking
- Review working practices through the use of LEAN concepts



With Finance transformation, you can achieve key objectives through alignment of finance strategy, processes, people, technology and target operating model to deliver the strategic value of finance.

Julia Leong

Partner

Financial Services Industry Practice

Insight

- Business partnering engagement model
- Customer and product analytics to aid revenue growth
- Balanced scorecard and management information review and redesign
- Financial planning, budgeting and forecasting
- Corporate performance management
- Decision making – modeling, activity-based costing

Finance Transformation

- Review of existing Finance strategy & operating model
- Design of the target operating model and gap analysis
- Implementation including knowledge transfer and transition to the new operating model

Clients' benefits

- A decision support structure that is integral to organisational strategy – revenue growth, effective allocation of capital and cost control
- A highly efficient finance function that maximises synergies within the organisation through standardisation and simplification
- Effective reporting and a control environment that meets external regulations
- Standardised, simplified and integrated systems and processes
- Greater transparency and quality of management information and analysis
- Optimised organisation structures, including use of shared services and outsourcing

Operations

Operations Transformation and Operations Performance Improvement focuses on offering Chief Operating Officers and Chief Marketing Officers of insurance companies the ability to improve the current state, strengthen the value chain, establish an efficient and effective operations environment that ultimately raises service quality and customer satisfaction.

Issues and Challenges

- How can I establish the effectiveness of my current insurance operations?
- How can I maintain an agile yet effective operations environment that is able to adapt to the changing needs of the company's distribution channel?
- What is the appropriate turnaround time for underwriting and claims processing?
- Are the current key performance indicators for critical operations areas such as customer service, claims, underwriting relevant to the evolving needs of customers?
- How do I control cost while managing growth and accelerated changes in the volatile financial markets?
- How can my underwriting and claims functions stay agile while managing internal and external changes?
- Is my operations environment resilient?

How PwC can help

With PwC's deep knowledge and experience of the insurance operations, we can work with clients to renew, transform or improve the existing operating environment, processes and working practices to enhance service quality and customer satisfaction.

Operations Transformation

- Strategy Validation
 - Review existing operations strategy vis-à-vis the business strategy to establish strategic, structural and tactical alignment in response to external changes
- Business Architecture
 - Review key insurance business levers such as the distribution channel strategy, customer service strategy, operations value chain, procurement strategy, etc. and recommend strategic and structural design solutions to align the levers with the operations strategy

- Target Operating Model
 - Develop vision, design principles, evaluate Target Operating Model options and facilitate agreement of a high level design to align with the operations strategy
- Transformational Journey – Establish the business case, develop implementation and change management plans and manage the operational transformation

Operations Performance Improvement

- Process Improvement
 - Align, simplify and enhance the existing value chain from distribution channel and client engagement to the delivery of client services
- Lean – Apply Lean principles of creating value, enabling 'flow' and eradicating waste and maintaining a mindset of continuous improvement to the insurance operations value chain

- Cost Reduction – Establish the appropriate cost base for operations and lend transparency to product costs through the review of the budgeting process, identification of the appropriate cost drivers, application of various costing tools and reviewing existing procurement arrangements
- Operations Analytics
 - Review existing information and data flows with the aim of simplifying the way operations information is collated, processed and reported to receive timely and accurate information
- Training – Design and deliver training programmes for Operations personnel to embrace Lean or change in the organisation
- Project and Change Management expertise
 - Ensure successful delivery of change projects

PwC works with our clients to improve the performance of the supporting processes of the business through the measurement and control, and efficient use of technology.

Raymond Choa
*Financial Services
Industry Practice*

Daryl Wang
*Financial Services
Industry Practice*



Operations Resilience

- Business Continuity Management – Provide business continuity review, implementation and assurance services
- Disaster Recovery Planning – Provide IT disaster recovery review and assurance services
- Operations Controls Advisory – Provide internal controls assurance services to enhance design of controls processes and render a more robust controls environment across the operations value chain

Clients' benefits

- Distribution channels will be equipped to respond effectively to customer needs as a result of stronger alignment with an effective operations establishment
- Management can better communicate the benefits of their transformation effort, prioritise programmes and develop the transformation journey to meet strategic goals
- Standardised, consolidated and lean processes for greater efficiency across operations (including the claims, underwriting and loss assessment process)
- Improved turn-around times and reduction in delays and transaction errors resulting in increased client satisfaction and strengthened ability to respond to the demands of key stakeholders such as customers, regulators, governments, and investors
- Improved cost management across the operations value chain and a concise loss assessment process giving rise to cost reductions and better working capital management
- Maximised staff talent and improved staff morale through functional re-alignment of personnel's roles and responsibilities with that of a business focused operations
- Better information flow resulting from the deployment of the appropriate data analytics and systems, thereby providing greater visibility and transparency for management

Claims

The Claims Function is the ‘shop window’ of an insurance company. Timely & accurate payment of claims is how customers perceive the quality of the insurance product. Robust and efficient processes & systems can have a significant impact on claims operating costs. Claims Transformation offers insurers the opportunity to reduce costs and optimise operations by developing and implementing a roadmap that addresses deficiencies in processes, systems, customer service & personnel.

Issues and Challenges

- How can I manage the internal operating costs of my claims function?
- How can I control the external costs of adjusters, assessors and Third Party Administrators (TPAs)?
- How do I improve customer retention?
- Are there ways to reduce claims leakage?
- How can I improve the claims fraud detection process?
- What is an acceptable turn-around time for payment of claims?
- Is the quality of claims data available sufficient for the renewal rating process?
- Are my claims systems able to provide aligned information across the various key departments such as underwriting, finance, actuarial and reinsurance?

To achieve innovation in the claims function, executives must balance the key components of customer satisfaction, loss quantum, and total process cost.

Raymond Choa

*Financial Services
Industry Practice*

Mark Rankin

*Financial Services
Industry Practice*

How PwC can help

PwC's experienced insurance professionals have developed a claims capability model that compares client strategy and operations against leading global claims function capabilities.

- Assess claims capability and provide transformation planning
- Advise on investments in key areas, based on enterprise and product strategies
- Review processes and advise on optimisation by assisting insurers, brokers and TPAs to reduce bottlenecks and duplication in their claims processes
- Advise on reengineering the current claims flow process across the operations value chain

- Assist in reducing waste and simplify effective ways of working across the key claims processes, using Lean methodology
- Assist with systems vendor selection and strategy
- Assist with the management of claims spend in line with key claims strategy for litigation expense, TPA expense, independent adjusters, expert/engineer services, medical spend, property restoration vendors and other claim service partners
- Develop claim technology strategies, select technologies, develop implementation roadmaps, and implement leading claims technology platforms

Clients' benefits

- Reduced claims cost, through reduction of leakage from improved handling and claims assessment process
- Lower incidence & higher detection rate of fraud with more robust and advanced controls
- Improved customer experience, from faster turn-around times in claims processing and final payment
- Improved brand loyalty and awareness from higher quality of customer experience through the claims process
- Lower claims operating costs, as a result of more efficient processes and systems
- More accurate claims data available from improved/integrated claims systems
- Decreased associated claims spend from more efficient management of litigation expense, TPA expense, independent adjusters and other claim service partners
- Reduced Combined Operating Ratio (COR), through increased customer retention and new business; reduced claims and operating costs and fraud



Mark Rankin



Raymond Choa

Enterprise Risk

With more rapid changes, greater complexity in business and increased transparency, businesses need to more prepared and manage risks better. Enterprise Risk Management (ERM) aims to maximise value through an appropriate balance of growth, return, risks and deployment of resources

Issues and Challenges

- What is my company's risk profile and am I managing risks effectively?
- Does my company have a risk appetite statement?
- How do I link group risk appetite with operational decisions?
- Are there existing policies that reflect my risk profile?
- How effective is my risk governance framework?
- Does the current reporting provide essential information?
- Is there a joined-up Finance and Risk reporting?
- Does the company reward for luck or judgment?
- How can I promote guiding principles that create a corporate culture with high levels of awareness and identification of fraud and corruption 'red flags'?

How PwC can help

We have deep knowledge of risk management practices. Depending on the maturity of your ERM development, we can recommend practical and customised solutions:

Assess and design

- ERM framework and approach
- Management awareness and buy-in
- High level program/roadmap
- Risk inventories and registers

Build

- Risk appetite/tolerance
- Process design
- Capital planning
- Integration plan



Alywin Teh

Our team aims to help our clients develop an effective enterprise risk management capability, so that management can drive greater clarity throughout the business and make better informed decisions with confidence — transforming risk into opportunity.

Alywin Teh

Singapore Insurance Leader

Jennifer Hamilton

Financial Services Industry Practice



Jennifer Hamilton

Integrate

- Embedding risk management practices into business processes
- Measuring level of risk awareness through risk culture assessments
- Internal communication and change management

Validate

- Benchmarking against best practices
- Solvency II and other regulatory compliance assessment

Clients' Benefits

ERM is a principles-based approach for establishing risk at the heart of an organisation's business strategy, management and platform. ERM is gaining increasing regulatory attention and scrutiny as it brings significant benefits to insurers, some of which are listed below:

- Comprehensive view of risks and controls throughout the organisation
- Risk-based management of resources and capital
- Enhanced dialogue with rating agencies and regulators
- Greater integration of governance, risk and compliance
- Ability to strike a balance and understanding between solvency needs and shareholder benefits

Compliance

The sheer amount of regulation and its impact on insurers is far higher than it has ever been previously as global regulators seek to respond to the global financial crisis. As global financial institutions struggle to deal with the complexity and inter linkages of these regulations, how is the Compliance Function effectively supporting management in their effective response to regulation and is it providing appropriate assurance through its monitoring processes?

Issues and Challenges

- What is my exposure to regulatory risk?
- What are my current regulatory requirements and how do these map to each other?
- Is there a clear and complete map of the relevant regulations and how am I managing your regulatory risk?
- Do my compliance monitoring activities focus on the high risk areas and provide sufficient assurance for senior management and the board?
- Am I maximising the assurance investment across the second and third lines of defense?

How PwC can help

PwC has a specialist insurance team who supports Compliance functions to better manage compliance risk.

Compliance Risk

- Regulatory risk assessments
- Regulatory response mapping
- Development of regulatory policies and procedures

Compliance Monitoring

- Developing risk based monitoring plans
- Developing and delivering Compliance competency frameworks and training programmes

In the new economic landscape, we are seeing an exponential increase in complexity of regulatory compliance and compliance risk. Gone is the concept of ONE leading regulator. There is a need to approach compliance in a coordinated way.

Alywin Teh

Singapore Insurance Leader



- Increasing efficiency through the utilisation of Governance, Risk and Compliance (GRC) tools, PwC can support you in the selection, configuration and administration of GRC tools

Compliance Function Optimisation

- Performing Compliance function effectiveness reviews
- Developing strategic plans and supporting transformation initiatives
- Establishing Compliance functions

Clients' Benefits

- Better equipped to comply with global regulation in the most effective manner
- Address stakeholders' expectations and value drivers
- Enable the Compliance function to move towards 'best in class'
- Realign Compliance function's monitoring plans around risk to create greater value
- Access to quality assurance resources and deep subject matter expertise to support monitoring activities
- Redeployment of management resources to other, more strategic, uses through the integration of assurance

Human Resource

Human Resource Effectiveness focuses on offering an integrated spectrum of professional services relating to complex, multi-disciplinary people and change related services and solutions.

Issues and Challenges

- How can I measure the success of Human Resource initiatives?
- What Human Resource metrics can be put in place?
- How can I ensure that my Human Resource business partners are equipped to succeed with a transformation project?
- How do I define talent?
- How do I recruit and retain talent in an increasingly competitive environment?
- How should I plan the future headcount and behavioural needs of the business?

How PwC can help

PwC's Human Resource advisors can assist with the knowledge, skills and abilities required to change your Human Resource function and services. Our core capabilities include:

Human Resource function effectiveness

- Transition Human Resource practices and service delivery model
- Human Resources process re-engineering through the application of LEAN methodology
- Provide the holistic transformation of the organisation

Human Resource Transformation

- Review of existing Human Resource strategy & operating model
- Design of the target operating model and gap analysis
- Implementation including knowledge transfer and transition to the new operating model

Our services aim to help insurers maximise talent, create sustainable people operations, achieve a market driven organisational structure and ensure lasting change for sustainable business success.

Thorsten Barth
*Financial Services
Industry Practice*



Talent management

- Develop processes to invest in critical talent
- Assist in development of talent strategy in tandem with business strategy
- Measure business impact of talent management through hard evidence base metrics

People productivity and capability

- Support the development and rollout of specific projects
- Support the development of strategic training through seminars and workshops
- Support the establishment of efficient working practices through the use of LEAN concepts

Clients' benefits

- Greater interest in people management employment disciplines by benchmarking costs, productivity and profitability against the industry
- Processes to enhance identification and development of talent, to add value and increase contribution to company performance.
- Additional value to offshore partners, such as enhanced productivity and processes which are viewed as costs, as well as important dimensions like security, risk, governance and responsible business practice.

Saratoga – Human Resource Metrics

Organisations around the world are increasingly focused on analysing the workforce data available to maximise their investment on human capital and enhance Workforce Productivity, Workforce Engagement and Human Resource Function Effectiveness.

Issues and Challenges

- What is our return on workforce investment and how do we compare to industry benchmarks?
- Do we have the necessary workforce to successfully achieve our strategic objectives?
- Are we investing enough in developing our talent to achieve our succession plans?
- Is our Human Resource function effectively structured to help us meet our organisational strategic objectives?
- What are the right measures for our Human Resource scorecard?

How PwC can help

PwC's team of Human Resource advisors can provide solutions to harness the power of workforce data – metrics, surveys and predictive analytics.

With this, we can align the measurement program with the company's strategy and Human Resource programs.

With 30 years experience as a global leader in human capital measurement, analytics and benchmarking and a dedicated Asia-Pacific centre in Singapore, we hold one of the world's largest, most robust databases of people performance metrics from over 10,500 international organisations. We work with organisations to:

- Objectively measure Human Resource and human capital activities
- Benchmark an organisation's profile versus a tailored sample of the relevant peer organisations
- Strategically apply human capital information through data interpretation and discussion

PwC Saratoga enables companies to draw insight from workforce data to improve return on investment in Human Capital. We help our clients align the organisation's measurement program with their strategy and Human Resource programs.

Thorsten Barth

Financial Services Industry Practice

Gary Chua

PwC Saratoga



Thorsten Barth



Gary Chua

Clients' benefits

- Ability to develop strategies to enhance the Return on Investment on workforce expenditure
- Improved productivity and return on investment in human capital through effective Human Resource measurement and benchmarking strategies
- Review and strengthen their people engagement and development initiatives
- Obtain clarity on operational/Human Resource cost drivers to more effectively manage their organisation's assets
- Identify potential for cost savings, efficiency gains, service improvements, and effective Human Resource function service delivery

Technology

Insurers increasingly rely on information and the connectivity that Technology brings to operate effectively. But with associated Technology, operational and governance risks, there is a need to be even more agile, responsive and perceptive to business needs, especially in today's economic environment. What can be done?

Issues and Challenges

- How am I addressing the complete set of guidelines set out by MAS and/or other regulators?
- Are my data assets inventorised and how are they protected from data theft, loss or leakage?
- How do I obtain comfort over the effectiveness of security controls practiced by external vendors?
- Am I measuring external vendors' performance against established Service Level Agreements (SLAs)?
- How do I control or monitor coding practices to prevent/detect malicious codes, Trojans from being introduced into in-house developed programs?
- What are the extent of User Developed Applications (UDAs) used and how can I ensure that they are error-free and secured?

How PwC can help

We offer a wide range of technology assurance and advisory consulting services which include:

- Conduct a gap analysis of the control environment against MAS and/or other regulator guidelines on technology
- Design/review the Data Loss Prevention framework and strategy
- Assess the adequacy of management controls over material Technology outsourcing arrangements in areas such as vendor due diligence check, SLA metrics and performance management
- Review of the Technology outsourcing policy
- Review of controls over the Systems Development Lifecycle
- Conduct source code reviews to detect security defects that are due to coding errors, insecure coding practices or malicious attempts
- Develop a UDA identification process and a risk-based control framework for UDAs and conduct compliance testing

To assist our clients in getting value from technology investments, we bring together the skills to deliver improvements in processes, as well as knowledge in technology strategy, infrastructure and operations management.

Tan Shong Ye

Partner
Advisory Consulting IT Risk

Mark Jansen

Partner
Financial Services
Industry Practice

Jimmy Sng

Partner
Advisory Consulting IT Risk



Clients' Benefits

- Compliance with MAS guidelines
- Ability to manage in-house program development activities
- Full control over material Technology outsourcing arrangements with external vendors
- Gain control over distributed computer environment with sensitive customer data residing in multiple systems or locations
- Use of UDAs such as complex spreadsheets or MS Access based applications for financial reporting or key decision making



Data Management

Data is the 'life blood' of insurance. The availability, accuracy and integrity of data are essential for insurers to meet customer demands and stay ahead in the game.

Issues and Challenges

- What would be the impact, both quantitative and qualitative, of poor quality data on the organisation's (or business unit's) objectives and strategy?
- What is the path that important data travels through and what are the transformations that occur? What are the key risks and controls along that path?
- I depend on other parties for data to support and manage my business. How can I have a "data provider" governance model that ensures a desired level of quality?
- Are there numerous underwriting and claims processes and IT systems as a result of past mergers or acquisitions?
- Is there redundant data across multiple systems?
- I rely on spreadsheets for consolidation of data.
 - Are there controls to ensure the integrity of the data?
- Do I place reliance for data quality on controls in the actuarial process?



How PwC can help

- Conduct a gap analysis of the control environment against regulatory guidelines (e.g. Solvency or MAS guidelines)
- Assess the capability maturity level of existing data management processes and provide recommendations to elevate the capability maturity level
- Standardise data from separate business units or systems
- Design/review the information management framework which includes data governance, data life cycle and data quality
- Design and implement a reporting system to enable better decision making

Clients' benefits

- Confidence to address regulatory guidelines relating to data and technology
- Ability to obtain an informed, objective view of your data management capability
- Decision-making through accurate information
- Meeting customer promises, such as pricing and discounts
- Underpinning product development and maintenance
- Ensuring value is achieved out of new system initiatives
- Support actuarial valuations and capital management

Our Data Management team develops and implements customised solutions, using a number of well-established methodologies, in order to better manage and analyse data.

Prashanth Rao
Advisory Consulting IT Risk

Business Services

Business Services Transformation (BST) involves the streamlining and reorganisation of support functions in order to drive value and efficiency. Projects can be performed on specific, or across several functions such as Operations, Finance, Human Resource or Technology. In order to get the maximum value, organisations should evaluate change across support functions, rather than taking a siloed functional view.

Issues and challenges

- Are my functions performing at their best driving value, generating efficiencies and freeing up time to support better business decisions?
- Do my functions have different approaches to underlying technology, process standardisation, organisation design and sourcing decisions resulting in a build up of complexity in processes, delivery centres and supporting technology?
- Do my functions have an inability to unite stakeholders around a common vision, clearly articulate the benefits, and put in place mechanisms which lead to the realisation of benefits which can be sustained in the long-term?

How PwC can help

We have delivered a large number of complex BST projects worldwide. Our approach helps clients to implement a BST strategy whether the goal is to evaluate a finance or HR shared service centre, or if a complex, multi-functional BST is being considered. We can recommend practical solutions tailored to each organisation's business needs in each of the following phases:

- Assess and design
 - Baseline 'as is' environment & perform gap analysis
 - Design the Target Operating Model
 - Develop implementation strategy
- Build
 - Create the 'to be' organisation
 - Plan for transition
- Integrate
 - Knowledge transfer including work shadowing
 - Business acceptance & go live process management
- Validate
 - Benchmarking against best practices
 - Evaluate & update BST strategy

The focus of Business Services Transformation is to strike a balance between standardisation, simplification, effective use of technology and the right combination of shared services and outsourcing in order to run support functions efficiently and cost-effectively.

Daniel Nilsson

Financial Services Industry Practice

Daryl Wang

Financial Services Industry Practice



Daniel Nilsson



Daryl Wang

Clients' Benefits

Effective streamlining and reorganisation contributes to running support functions efficiently and cost-effectively:

- Increasing investor and market confidence through enhanced control and reporting capability
- Reducing the cost of service provision through avoiding duplication, unnecessary complexity and low standardisation
- Increasing the perception of value-add to the business decision-making process and focusing on value-adding analysis rather than data collation activities
- Implementing a common governance structure across the function removing fragmentation across the business
- Providing a more efficient and cost-effective business function through standardisation of business tools and processes

Strategy

Yearly strategy planning sessions are useful, but often become routine and produce “in-the-box” strategies. PwC strategy development works with insurers to address their highest value strategic issues and opportunities with a combination of industry, technical and advisory expertise.

Issues and Challenges

- How can management identify strategic issues and persuade the organisation to deal with them?
- How can management test hypotheses to find out where future opportunities for the organisation may be?
- What are some of the best practices in strategy formulation?
- Is my management team forward thinking enough?

How PwC can help

- Conduct market analysis and assessment
- Conduct industry and peer benchmarking
- Develop business plan
- Design, facilitate and review management strategy workshop
- Provide commercial due diligence

PwC's strategy development is targeted at senior management to help develop their business plans/model and benchmark against the industry.

Daryl Wang

Financial Services Industry Practice



Clients' benefits

Insurers who are better prepared for real strategy planning increase their chances of innovation that will shape the products/services of tomorrow.

- Address stakeholders' expectations and value drivers
- PwC's thought leadership and strategic insights will challenge clients' perceptions
- Independent workshop facilitation helps improve the leadership team working together
- Greater profitability
- Reduced risk in the business

Transactions

PwC's Transaction Services team helps companies make acquisitions, divestitures and strategic alliances. Our team has worked on numerous, high profile, domestic and cross border insurance deals across the region bringing a unique combination of financial, commercial and operational insight. The main objective: to ensure clients maximise the return on their deal.

Issues and Challenges

- Is acquisition the best route for my business?
- Is it consistent with the future story and my plans?
- What will ownership mean for the Target business?
- How do the target's sales and distribution channels fare versus industry advancement?
- How does the target's reserving/actuarial treatment compare to mine and are the reserves adequate?
- For cross border deals – what is the local insurance market which the target operates within like and what are the risks its businesses face (e.g. regulatory/capital regime)? How can these risks be mitigated?
- What will the numbers look like in my books (accounting, structural and capital issues?)
- How will regulatory capital be affected by the deal?
- How will staff and key customers of the Target be affected by the deal process/integration and how to manage risk of key customer/staff losses?
- How will the target's internal processes and controls, including operational (underwriting and claims management), compliance and IT systems, be aligned and integrated to my business post-acquisition?

How PwC can help

Components of our service

- Provide financial, taxation, regulatory and actuarial due diligence
- Provide operational solutions (including HR/IT)
- Provide commercial due diligence
- Manage insurance risk
- Synergy validation
- Help with deal structuring
- Assist post deal planning
- Implement effective integration.

A dedicated cross border team

We have supported numerous acquisitions across borders using a Singapore led team and with local expertise within local territories. Our cross border team approach allows us to:

- Bring international best practices and local knowledge to our clients
- Provide a single point of contact and project leadership in Singapore
- Deliver a consistent level of service and reporting standards

Clients' benefits

- **One stop shop for issues focused due diligence**
 - Any organisation considering a deal needs to check all the assumptions it is making about that deal. Our due diligence process provides peace of mind to both corporate and financial buyers, by analysing and validating all the financial, commercial, operational and strategic assumptions being made. It uses past working experience to form a view of the future and confirms that there are no 'black holes'
- **Identify and understand critical success factors** so that informed acquisition/disposal decisions can be made (including pricing and contractual decisions)
- **Understanding of strengths** that can be built upon **or weaknesses that can be resolved** and putting plans in place to address any issues post deal
- **Implement post deal integration plans** taking into account the findings of due diligence

In a challenging economic environment, accessing global capital markets and making acquisitions, divestitures and strategic alliances presents companies with many opportunities but also challenges. Building financial and commercial confidence for our clients so they optimise a deal in this environment is at the heart of our Transaction Services business.

Stuart Last

*Financial Services
Industry Practice*



Post Deal

Insurers' face the challenge of delivering integration benefits whilst ensuring that focus is maintained on core business growth opportunities. It requires balancing of critical resources and management attention.

PwC's Post Deal Services aims to deliver Deal Value for our clients; managing day 1 readiness and delivering deal synergies.

Issues and Challenges

- How do we maintain strong control over the costs, benefit delivery, quality and scope of the program?
- How do we balance integration efforts and 'business as usual'?
- How do we ensure activities and critical resources are focused on areas that add most value?
- How will the target's internal processes and controls, including operational (underwriting and claims management), compliance and IT systems, be aligned and integrated into our business post-acquisition?
- What is the critical path of the integration and how do we manage the interdependencies between the different integration work streams
- How will staff and key customers of the Target be affected by the deal process/integration and how do we manage risk of key customer/staff losses?

With experience in domestic and cross border insurance integrations, we bring integration experience, expertise and a tried and tested global methodology.

Ay Wen Lie
Financial Services Industry Practice

How PwC can help

Components of our services

- Integration launch
- Day 1 planning/ 100 day plan
- Organisation Design and the (interim) Target Operating Model
- Detailed Integration master plan/Synergy realisation plan
- Program management (IMO)
- Synergy and cost tracking
- Integration training

A dedicated cross border team

- Bring international best practices and local knowledge to our clients;
- Provide a single point of contact and project leadership in Singapore
- Deliver a consistent level of service and reporting standards

PwC has core competencies in functional areas that form the building blocks of capturing value in a transaction. We can advise in relation to any of these, leveraging the depth and breadth of capability enabled through our global network

Clients' benefits

- Rigorous process and program management focused on **delivering deal value**
- **Clear direction and alignment across the integration program** to provide a consistent foundation to capture deal synergies

- Integration initiatives, functional work stream project plans and key interdependencies **consolidated** in a detailed **Integration Master plan**. Ensuring an executable plan that fits with core business and/or other initiatives and delivers program objectives
- Focused progress reporting, dependencies management, contingency planning, quick & responsive decision making and synergy tracking
- Our integration tools and practice aids can help **accelerate the integration process and add rigor** to the process
- Since many of our due diligence specialists also have extensive integration experience, we will be able to seamlessly **identify important planning issues** that will help proactively manage and **accelerate time to synergy realisation**



Solvency II

Structured around three pillars, Solvency II is a risk-based, forward-looking regulatory regime. The Solvency II initiative involves relooking at the business, giving companies the opportunity to run their business with an increased focus on risk management, governance and enhanced disclosure.

It is fast becoming one of the key challenges facing the insurance industry and it will continue to impact the industry in the next few years.

Issues and Challenges

- Is my organisation ready to comply with its Solvency II reporting requirements?
- What are the benefits reaped by western insurers in a comprehensive approach to risk management in running their business?
- What is the company's overall approach to Solvency II (e.g. compliance)?
- What projects are underway/planned to implement Solvency II?
- How equipped is my Solvency II team?
- Has an enterprise-wide gap analysis been undertaken?

How PwC can help

Our cross expertise PwC team locally and globally is able to assist clients on Solvency II requirements around the three pillars:

Solvency II assurance

- Conduct gap analysis
- Provide project assurance

Risk framework

- Design and implement governance framework

Risk and finance process change

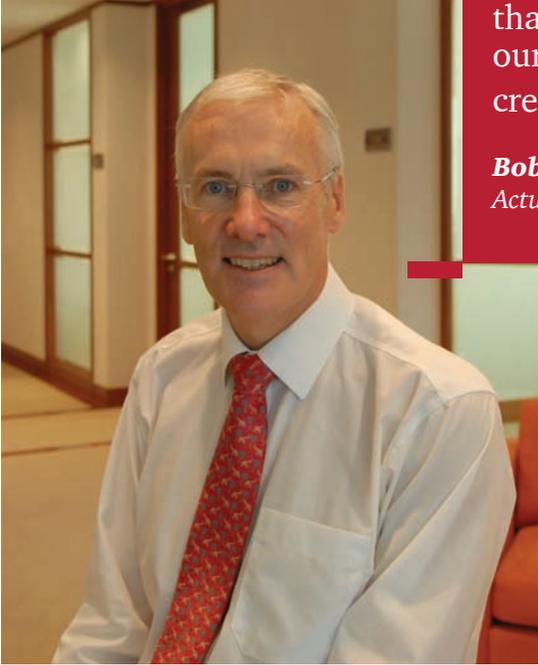
- Develop the right MI

Models, data and IT

- Model development support
- Model review

Disclosure & market communications

- Develop straw-man for reporting requirements



Vision and plans are very important, but it is efficient execution, that really demonstrates our ability, value and credibility.

Bob Gibson

Actuarial/Benefits & Insurance

Project and people management

- Assess readiness and conduct Solvency II training

Tax

- Advise on tax implications of Solvency II

General Solvency II advice and market intelligence

- Provide ongoing advice and technical expertise

Clients' Benefits

Solvency II encourages an effective and embedded risk management capability to deliver substantial business benefits:

Financial

- Transparency of risk and reward profile
- Effective capital allocation
- Active capital management

Operational

- Common platform for decision making
- Alignment of behaviours with business strategy

Market perception

- Strong risk awareness across entire organisation at all levels
- Senior management rewards aligned with economic value creation
- Demonstrates strong risk management capabilities to stakeholders

Change Management

Addressing growth opportunities, improving customer centricity, keeping costs under pressure and meeting regulatory requirements require ever-increasing internal transformations – from strategic shift to system implementation. Full benefits can only be achieved – and sustained – if people who are operationalising changes have the willingness, the accountability and the skills to do so.

Issues and challenges

- How do we ensure our transformation project will fully achieve the benefits stated in our business case? How do we limit business disruption and secure transition costs?
- How confident are we that our employees are truly ready to embrace effectively and efficiently the new ways of working we implement?
- How do we convince our middle management that change is not an option in our current competitive landscape?
- How do we improve the day-to-day working behaviour of the staff impacting the customer experience, or our regulatory compliance?
- How confident are we that all current transformations do not strain resources, downgrade staff morale and cause resignations of talents?
- Are there some key cultural or behavioural attributes that drive higher performance in parts of our organisation? How could they be replicated?

How PwC can help

We leverage on the organisation's employees to achieve higher performance through transformations-shift in business model, value chain transformation, restructuring, process improvement, system evolution etc. Every organisation culture and transformational challenges are unique; so is the output-oriented Change Management approach PwC tailors for each project.

We can help our clients:

- Engage people, and ensure they have the knowledge, skills and mindset to operate effectively and efficiently in the “future state”

- Evidence, assess and address the people-related root-causes of current underperformance – for instance, an underperforming Shared Service Center, or a poor customer experience
- Action the more effective levers to embed desired mindset shift into day-to-day behaviors
- Align the Human Resource framework supporting transformation -organisational structure, spans of control, roles and responsibilities, career and training paths, reward and performance frameworks

Clients' Benefits

Managing change effectively through transformations leads to:

Higher acceptance of change and increased speed to adoption

- with leaders, middle-managers and staff truly engaged towards change, and “walking their talk”

Secured business readiness

- with staff capabilities and organisational structures fully supporting new business model/ operating model/ processes/systems

Cultural alignment

- with mindset and behaviours shifted to better take on business challenges and mitigate risks (e.g. compliance, customer, innovation, safety...)

Improved project delivery

- with an increased ability to deliver transformation initiatives on time and on budget

At PwC, we can tailor the right Change Management approach for each transformation. It is the key to making change stick – and to make the investment in organisational change count.

Samuel Obin

Financial Services
Industry Practice



Programme & Project Management

Programme & Project Management (PPM) helps clients drive and deliver complex projects, programmes and portfolios of work. The main focus is to deliver sustainable change and value through building integrated teams and keeping everyone focused on the 'end to end' process. PPM establishes the arrangements for directing, managing or controlling a transformation or change initiative in a way that will focus on and deliver the intended benefits.

Issues and Challenges

- How can I effectively prioritise and achieve benefits that are of strategic importance?
 - Am I able to define and implement change effectively?
 - Is there a clear leadership approach enabling strategic decision making?
 - Is there a structured framework for implementing business strategies and initiatives?
- Am I able to balance long term strategies and short term imperatives through a series of adaptable processes, tools and techniques?



How PwC can help

With extensive experience in running Programmes & Projects within the insurance industry, PwC is able to bring together people, teams and work streams into a programme environment, with clear strategic direction and a route map for working together to achieve change.

In particular, PwC helps organisations

- Plan, manage and deliver large and complex programmes and projects effectively

- Deliver tangible benefits as efficiently as possible to meet a clearly defined business case

PwC is able to support organisations by:

- Driving change through an effective governance and decision making structure
- Managing risk to ensure that the programme stays on track
- Implementing methods and tools to support large scale and/or complex change
- Delivering experienced project managers who can drive the process drivers as well as subject matter experts

Clients' Benefits

Effective Programme & Project Management is key to any large & complex programme and will help achieve results establishing:

- Clear operating framework
- Co-ordinated management approach
- Enabling senior management to make informed decisions
- Engaging stakeholders effectively
- High performing teams
- A clear scope and delivery-focused planning
- Well managed risks & opportunities
- A focus on benefits management
- Agile change control
- Clear governance framework



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