

Value Proposition for Insurtech and Digital Insurance

PwC Malaysia



Growing importance of insurtech and digital insurance

With the growing digital generation, it is important for businesses to embrace the digital opportunity and consider new digital business models.

Although many insurance companies have already commenced their own digital transformation roadmap, it becomes more evident that the effort needs to be accelerated with the COVID-19 pandemic where people have been forced to carry out various tasks virtually.

Currently in 2021, there are a total of 49 players who are actively involved in the insurtech space in Malaysia, compared to only 16 players back in 2019.

This is an indication that there is a market need and strong growth potential for the insurtech companies and Digital Insurance platforms in Malaysia.



What does it take to be a successful insurtech company or digital insurer?



As fintech is doing to banking, insurtech, the digitisation of insurance, is transforming the insurance industry.

- 01 Unique value proposition**
Create unique and differentiating value propositions by understanding customer needs to differentiate from other traditional / established digital player as well as enhancing customer user experience.
- 02 Adoption of transformative technology**
Reimagine and simplify insurance/takaful sales, services and operations model by leveraging next-gen technology across digital, data and automation (e.g. AI/tech-assisted underwriting, claims and servicing).
- 03 Compliance with the regulations**
Comply with various regulatory requirements (e.g. capital and risk management requirements, cybersecurity, RMIT etc).
- 04 Sustainable business model**
Identify potential strategic options and prioritise overall way forward based on strategic objectives (e.g. breakeven period, commercial vs reputational prioritisation).
- 05 Appropriate human capital**
To have the right talent to drive the business from the strategic and technology angle.

In PwC, we have **end-to-end** capabilities which can support your digital insurer roadmap seamlessly.

Based on our experiences, our approach ensures you are supported end-to-end

Key milestones

Example deliverables and PwC Capabilities

1. Understand market landscape and industry pain points
2. Design and refine:
 - a. Customer value proposition;
 - b. High-level business plan consists of technology architecture, operating mode/structure etc;
 - c. Preliminary financial and capital projections.

1



Planning and internal approval

1. Gap analysis report (current technology application / operating model vs the proposed technology options / proposed target operating model)
2. A refined and focused value proposition
3. A high-level business case



1. Preparation of business plan detailing:
 - a. Product and pricing strategy;
 - b. Technology delivery roadmap;
 - c. Target IT operating model and operations structure;
 - d. Detailed financial and capital projections;
 - e. Key initiatives to bridge capability and regulatory gaps (ie: capital adequacy, RMIT, KYC/AML requirements).
2. Analysis of partnerships and funding options

2



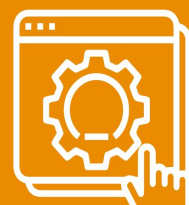
License application

1. Detailed business plan
2. Product and pricing framework
3. Technology delivery roadmap
4. High level solution/costing model
5. Target IT operating model and operations structure
6. License application deck



1. Preparation of a refined business plan
2. Testing operational readiness

3



Post-application

1. Refined business plan and financial projections
2. Testing operational readiness
3. Detailed governance, risk and compliance structure
4. Engagement with the regulator on the application process



1. BAU support
2. Cybersecurity review
3. Internal/external audit
4. Tax compliance
5. Transfer pricing documentation
6. Regulatory compliance review

4



Long-term operations

1. Other advisory support:
 - a. Accounting advisory;
 - b. Tax advisory;
 - c. Transfer pricing;
 - d. Valuation;
 - e. Cybersecurity-related reviews
2. Internal/external audit
3. In-house appointed actuary



Note: Sandbox application typically follows the same approach but with lesser complexity

PwC's capabilities



Strategy



Tax, Accounting & Actuarial



Regulatory and corporate services



Governance & controls



Cybersecurity

Our capabilities in supporting your insurtech journey

PwC's Capabilities



Strategy

1. Review key market drivers, trends and future growth opportunities for insurtech and Digital Insurers
2. Assist with estimation the insurtech and Digital Insurance addressable market
3. Based on market information and knowledge, share key insights on key insurtech and Digital Insurance competitors in Malaysia, highlighting potential market positioning, value proposition and target customer segments and go to market strategy
4. Review and refinement of TOM and make recommendations to operate efficiently
5. Project management



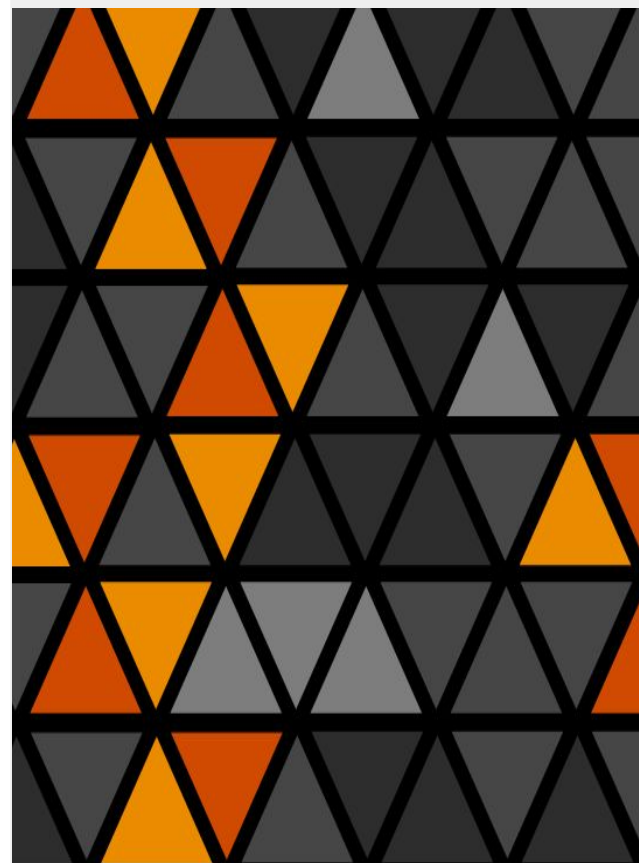
Regulatory and corporate services

1. Regulatory license advice and support



Tax, Accounting and Actuarial

1. Corporate tax compliance
2. Tax structuring and incentives application
3. Transfer pricing on related party transactions
4. Indirect taxes
5. Individual tax compliance and advisory
6. Tax audit and investigation assistance
7. Review of transaction structure / documents from tax perspective
8. Accounting advisory
9. FATCA/Common reporting standard
10. Financial and capital projections
11. Product and pricing strategy
12. Valuation of liabilities and BNM reporting requirements
13. Advisory services on in-house actuary roles



Our capabilities in supporting your insurtech journey (cont'd)

PwC's Capabilities (cont'd)



Governance and controls

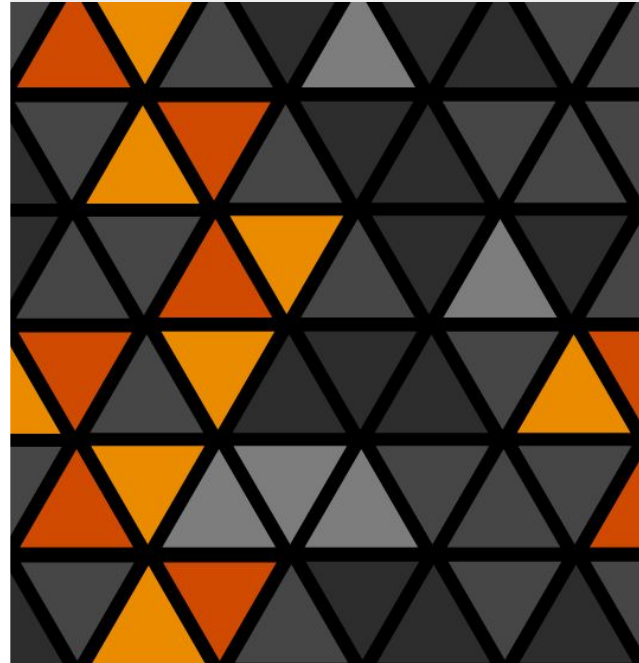
1. Relevant regulatory and license application
2. Design and review of appropriate e-KYC/AML Framework
3. Design and implement overall governance structure
4. Development of policies and procedures
5. Risk Management/ Compliance Management functions set up
6. Regulatory Compliance assessment
7. Internal audit
8. External audit



Cybersecurity

1. Application penetration testing
2. Regulatory compliance review
3. System infrastructure security assessment

We have extensive experience in the capabilities above. Contact us for more information.



Key Contacts



Liew Chi Min
Financial Services Partner
PwC Malaysia
03 2173 0544
chi.min.liew@pwc.com



Kelvin Lee
Fintech Lead Partner
PwC Malaysia
03 2173 0746
kelvin.t.lee@pwc.com



Stella Fong
Assurance Senior Manager
PwC Malaysia
03 2173 1908
stella.yw.fong@pwc.com

Tax Services



Lim Phaik Hoon
Tax Services Partner
PwC Malaysia



Tan Tien Yee
Tax Services Director
PwC Malaysia

Risk Assurance Services



Ong Khai Chiat
Risk Assurance Partner
PwC Malaysia



Clarence Chan
Risk Assurance Director
PwC Malaysia

Actuarial Services



Patrick Cheah
Actuarial Director
PwC Malaysia

Consulting



Paul Francis
Consulting Director
PwC Malaysia

Regulatory



Dominic Chegne
Risk Assurance Partner
PwC Malaysia



Jimmy Tee
Assurance Director
PwC Malaysia

Insurance Advisory, Mergers and Acquisitions



Angie Wong
Financial Services Partner
PwC Malaysia



Liew Chi Min
Financial Services Partner
PwC Malaysia



Chan Suet Lye
Financial Services Partner
PwC Malaysia



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