INCLUSIVE INSURANCE CONFERENCE 2021
Jamaica
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THE PATH TO DEVELOPING A MICROINSURANCE FRAMEWORK IN JAMAICA
DISCUSSION POINTS

• Brief History of Microinsurance in Jamaica
• Rationale for Microinsurance Regulatory Framework
• Elements of the Microinsurance Project
• Diagnostic Study
• Public Awareness Programme
• Microinsurance Legislation
• Future Developments
HISTORICAL SUMMARY

2009: IAIS conference
- Awareness of microinsurance globally

2010-2012:
- Identifying Technical Assistance
- Review of current legislation
- Contact IADB

2013 -2015
- Signing contract with IADB (A2ii)
- Seminars/Training

2016-
- Development of Microinsurance Framework
- Microinsurance Guidelines
- Proposed Microinsurance Bill
Brief History

2009

• Fully support IDB planned feasibility study of parametric insurance for small farmers

• Coverage of microinsurance in Brazil stirred the FSC’s response

2010

• Sought technical assistance from the World Bank to develop a regulatory and supervisory framework
Brief History

2011
Application for Technical Assistance was approved.

2012
The approval not only addressed the regulatory and supervisory framework but a programme to develop and market microinsurance in Jamaica.

2013
MOU signed- FSC and the IDB
RATIONALE FOR MICROINSURANCE REGULATORY FRAMEWORK

• The FSC’s inability to regulate and supervise the risks if/when local insurers introduce similar products;
• The observation (though unscientific) that the lower income sector of the population was underserved;
• Low financial literacy and hence lack of appreciation for insurance protection;
The project included:

- an insurance diagnostic study;
- Public awareness Programme;
- implementation support for any revisions to the policy; and
- regulatory framework to increase access to insurance.”
Diagnostic Study

• The project Team (IDB and A2ii) conducted the diagnostic study in 2013 and issued its report in August 2014.

• The study included interviews with finance industry stakeholders, for example, insurance company principals, the Bank of Jamaica, Credit Unions and other key players.

• The Mona School of Business of the University of the West Indies conducted research involving focus groups.
Diagnostic Study

MAJOR FINDINGS OF THE DIAGNOSTIC STUDY

• There was a significant market for microinsurance (close to 2 million persons)

• The cost of distribution and product development were barriers for microinsurance market

• The need for an appropriate regulatory framework for microinsurance.
PUBLIC AWARENES PROGRAMMES

– Seminars/Workshops

– Presentations

– Outside Radio Broadcasts

– Articles and PR in the printed media
On November 4, 2013 the FSC, in collaboration with the IDB team and A2ii, hosted a Microinsurance Workshop at the Jamaica Pegasus Hotel, under the theme “Microinsurance: Exploring a New Frontier”. The workshop was attended by 135 participants.
Workshop - 2013
Workshop- 2014

• The second microinsurance Workshop was in July 4, 2014.

• The FSC in collaboration with (A2ii) presented the Jamaica Microinsurance Country Diagnostic Report, under the theme, “Exploring a New Frontier- Unveiling the Results”.
Microinsurance Legislation

REVIEW OF INSURANCE ACT

DRAFTING OF PROPOSED REGULATIONS

- The IDB financed a consultancy to draft the proposed Microinsurance Regulations
- After extensive consultation with the insurance industry and other stakeholder, the proposed regulations were drafted
- The proposed regulations are now with the Chief Parliamentary Counsel
Microinsurance Legislation

Some of the Provisions

• Application is open to current insurers as well as new entrants
• Distribution through a microinsurance institution that will not need to be registered.
• Bundled products will be allowed
• Composite insurance products - only for microinsurance policies
• Annual premium should not exceed the amount equivalent to five weeks wages pursuant to the current National Minimum Wage Act
FUTURE DEVELOPMENTS

- Implementation of the Microinsurance Regulations
- Completion of the Microinsurance Guidelines
- Internal Regulatory and Supervisory Training
- Continue Financial Inclusion Programme
- Continued Collaboration with Stakeholders
THANK YOU