

**INCLUSIVE INSURANCE CONFERENCE 2021**

Jamaica

October 27, 2021

**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

## 2013 -2015

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

## 2010-2012:

- Identifying Technical Assistance
- Review of current legislation
- Contact IADB

## 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;



# ELEMENTS OF THE MICROINSURANCE PROJECT

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 Azii) 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

The poster is for an event titled "RESIDENTS OF ST. ANN". It features the Financial Services Commission logo and the Jamaica Stock Exchange logo. The main event is a "MEET & GREET" on "SEPTEMBER 24-25" at "DCHO RIDS, ST. ANN". A microphone icon is shown next to the date. A "FREE ADMISSION" badge is present. Below, it details an "OUTSIDE BROADCAST" on "MONDAY, SEPT. 24 | 1PM - 5PM" at "DCHO RIDS CLOCKTOWER, MAIN STREET, DCHO RIDS" with hosts "ACTION & BURGER MAN". A second "MEET & GREET" is on "TUESDAY, SEPT. 25 | 2PM - 5PM" at "DCHO RIDS CRUISE SHIP TERMINAL" with host "DEYAN MALCOLM". A "LET'S TALK" section lists topics: "PROTECTING YOUR FINANCES", "CREATING WEALTH THROUGH INVESTING", "SAVING FOR RETIREMENT ON A SMALL INCOME", and "HOW FSC PROTECTS USERS OF FINANCIAL SERVICES".



# PUBLIC AWARENES PROGRAMMES

## SEMINARS AND WORKSHOPS

- 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 (Azii) presented the Jamaica Microinsurance Country Diagnostic Report, under the theme, “*Exploring a New Frontier- Unveiling the Results*”.



# OUTSIDE BROADCASTS





# 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