Microinsurance

Jamaica’s Insurance Regulatory Environment & its Challenges for Microinsurance

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Jamaica’s Insurance Legislative Framework
Development of Microinsurance in Jamaica
Challenges
Opportunities
Index Insurance in Jamaica
Overcoming the challenges
As the regulatory supervisor for the insurance the FSC’s mandate includes the:

a) the registration and licensing of products, entities and individuals for the industry.

b) ensuring that the legal and regulatory framework is appropriate for effective supervision.

c) ensuring that developing trends in respect of international standards and policies are reviewed and adopted where applicable.

The current legislation does not accommodate

Microinsurance
1. Currently, the insurance regulatory framework does not address the supervision and the monitoring of microinsurance business.

2. We therefore do not have any approved insurance products in Jamaica that could be legally described as a “microinsurance products”.

3. Within the last two years the FSC received insurance policies for approval from one non-life insurance company and one international organisation that is developing parametric insurance for a governmental agency.
The FSC has granted approval within the current legislative framework, to this company to market quasi-microinsurance policies in Jamaica, one of which is under a pilot project.

These insurance products are sold as group policies to selected financial institutions. These insurance products are as follows:

a) Policy covers payment of utility bills if the insured experience a loss of income which prevents the payment of his bills.

b) Policy covers losses caused by weather events such as hurricane (pilot project)

c) Policy provides a personal accident coverage for selected group.

Currently the microinsurance products are only accessible through a group policy.
The challenges now being faced for the implementation of Microinsurance in Jamaica:

1. Legislation does not specifically address microinsurance or Index Insurance as a class of business or product.

2. Increasing the knowledge of all stakeholders on microinsurance and the benefits and opportunities that can be derived.

3. The development of expertise and knowledge by the FSC to adequately assess the microinsurance products and supervise the companies offering, as well as, those distributing these products.

4. Ensuring adequate measures are in place for consumer protection.

5. The development of the National Strategy on Financial Inclusion that will support the thrust for the development of microinsurance in Jamaica.
Opportunities

1. The Government of Jamaica has shown deep interest in the development of parametric microinsurance cover for the agricultural sector.

Owing to the geographical location of Jamaica and the challenges faced by individuals in the lower income bracket, there are numerous opportunities for the development of this insurance initiatives.

2. The opportunity also exist for coverage to be extended outside of the agricultural sector to anyone likely to suffer a loss from natural disasters.
3. There are opportunities for non-financial service providers to engage in the distribution of microinsurance products, thus creating a new customer base for their products as well.

4. The further development of partnerships between insurance companies and cooperatives, church organisations and other large groups to distribute microinsurance products and expand their customer base.
I. One general Insurance company has been approved to sell index insurance in Jamaica. This was treated as a pilot project. Approval granted under current insurance legislation.

II. Approval was also granted for another project to be undertaken by the Development bank and CCRIF to cover their loan portfolio. The premiums are paid by the Development bank who is the owner of the policy.
Issues cited by the Insurance company:

- Distribution channels – must use traditional channels
- Licensing requirement for agents
- Use of technology
- Anti money Laundering requirements (KYC requirements)
- Current legislation does not allow for composite insurance companies
- Current legislation definition for “carrying on insurance business”
  - Collection of premiums
  - Soliciting insurance business
  - Disseminating information on insurance products
The FSC has partnered with the international organization and the Insurance industry to:

a) The development of the legal and regulatory framework to supervise microinsurance and ensure the policy holder is adequately protected.

b) Enhance financial literacy and the knowledge and awareness of the public and the industry on microinsurance, through workshops, public forums, road shows, media informational broadcasts and speaking to various groups.

c) Lobby for Government incentives to make microinsurance a worthwhile business venture to the industry.
QUESTIONS

Microinsurance

Insurance Protection for the Family and EVERYONE

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