
“Microinsurance through Financial Inclusion: The Way Forward”
The Jamaica Pegasus Hotel
May 5, 2016

Welcome Remarks by
Mrs Janet Johnson-Haughton
Deputy Executive Director,
Financial Services Commission

Salutations:

Mr Michael J. McCord, President & Founder, MicroInsurance Centre;

Dr Blossom O’Meally Nelson, Management Consultant;

Mr Orville Johnson, Executive Director, Insurance Association of Jamaica;

Dr Maurice McNaughton, Director, Centre of Excellence, Mona School of Business
& Management;

Ladies & Gentlemen;

Good Afternoon.

On behalf of the Financial Services Commission’s Board, its Management and staff, I welcome you to our Microinsurance Seminar. I would like to express sincere appreciation to all our speakers for accepting the FSC’s invitation to share

their thoughts on microinsurance, which continues to have increasing presence around the globe.

This Seminar is one of the many steps along the path to establish a robust and vibrant microinsurance sector, where low income persons across Jamaica can have access to high-quality financial products and services. Many low income individuals in Jamaica and around the world do not have access to financial services. Low income individuals tend to be the most vulnerable to unexpected events such as illness, death of loved ones, natural disasters and property losses. Without access to financial services, an individual's ability to cope or to recover from these events is difficult. It is for this and other reasons why financial exclusion is considered to be a contributing factor to poverty by many governments and international agencies.¹ The potential benefits of financial inclusion are economic growth and development, social cohesion and reduced income inequality.

As a result, many governments and institutions have implemented various programmes to improve the level of financial inclusion. One of these

¹ Microfinance Centre, Financial Exclusion,[Online] Available: <http://www.mfc.org.pl/en/content/financial-exclusion> Accessed [April 27, 2016]

programmes is microinsurance, which aims to protect poor people against unexpected events in exchange for the payments of insurance premium in a manner that is designed to accommodate their preferences and capacities to pay.

The importance of financial inclusion and microinsurance in particular was aptly expressed by Ms Christine Lagarde, the Managing Director of the International Monetary Fund, when she said:

"For the poor, access to basic financial services such as payments, savings and insurance holds the potential to generate huge benefits. With improved access, families can smooth out consumption and increase investment, including education and health. They can insure against unfavourable events – and therefore avoid falling deeper into poverty, which is often the case with such incidents. " ²

Microinsurance is a remedial tool which has shown that it can reach a greater proportion of the population - even those in the remote regions and those

² Christine Lagarde, 2014, Empowerment through Financial Inclusion [Online] Available <https://www.imf.org/external/np/speeches/2014/062614a.htm> [Date accessed] April 27, 2014

working in the informal economy - if it is done through the right products at the right price and delivered by innovative and cost-effective means.

The supporting evidence is available. Surveys conducted on microinsurance have shown that the microinsurance sector has experienced persistent growth in client outreach and premium volumes over the years. According to the International Labour Organisation and the Munich Re Foundation, microinsurance coverage increased from 78 million people in 2007 to nearly 500 million in 2012 worldwide. China and India are leading the way, accounting for approximately 80 per cent of the market. Of the global population, it is estimated that 60 per cent of the people who are covered by microinsurance live in India. Latin America accounts for 15 per cent of the market while Africa has 5 per cent.³

Financial inclusion which includes microinsurance can assist in reducing vulnerability; therefore, financial inclusion should be viewed by all stakeholders as a necessity and an economic imperative for Jamaica, not only for the promotion of inclusive financial systems but also for the mitigation of risks. Today, we continue the work to make a difference in the lives of people,

³ Microinsurance coverage expanding at breathtaking pace according to ILO and the Munich Re Foundation ILO (International Labour Organisation) (2012) Available at http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_177356/lang--en/index.htm

especially those who live below the poverty. We can do this by building access, fostering demand through trust and financial literacy, and creating impact through products with real value. We can only achieve a robust microinsurance sector and a more financially inclusive Jamaican population with the combined efforts of you all, our stakeholders. Financial inclusion is our collective responsibility.

So, I encourage you to participate vibrantly by utilizing this forum to express your comments, questions and ideas regarding microinsurance. I know that you will find this seminar informative and I wish you productive one.

Thank you.