

FINANCIAL SERVICES COMMISSION

Financial Services Commission Seminar on Insurance Regulatory Compliance

Hilton Hotel
New Kingston

2006 November 3

Opening Remarks

Brian Wynter
Executive Director

Good morning ladies and gentlemen. Welcome to the second insurance seminar for this year, which has been structured exclusively for the intermediaries in the industry.

We learn, usually, and hopefully, very early in life, not to accept sweets from strangers. A little later, we learn to understand how to deal with that great guy you met at the bar or party or church or friend's house who promises to give you the moon, your heart's desire, or, let's just say, 10% per month. Of course, you have to give him your money first. You buy him a drink, or accept a drink from him, enjoy the company, maybe dream a little, and then you go home. You don't give him your hard-earned cash. I'll return to this.

I am particularly happy to address this gathering of intermediary representatives today as the role played by the intermediaries is so vital to the success of the insurance industry. You, the intermediaries, provide the direct service to the public and are therefore in a special position to influence the quality of service provided to customers and indeed the service standards of the industry.

This seminar is very timely as it treats with some of the issues that the FSC is currently dealing with. The FSC is concerned with the inadequate level of compliance by the intermediaries regarding some filings.

Also of concern to the FSC is the amount of premiums collected on behalf of insurance companies which remain outstanding for periods in excess of 90 days. By law, the moment the premium is collected by the intermediary the insurance company becomes liable if a claim should result from the insurance cover even though the company would not have received the premium. Furthermore, amounts receivable by the insurance company in excess of 90 days are non-admissible assets for solvency purposes as the company is not able to liquidate these assets in a timely manner to meet claims.

In this seminar we will discuss these shortcomings and provide information and guidance so that they can be corrected promptly.

The insurance legislation includes significant provisions relating to market conduct and these will be discussed as well.

The FSC encourages dialogue with its regulated entities and meets quarterly with the Jamaica Insurance Brokers Association and half yearly with the Jamaica Association of Insurance and Financial Advisors. We look forward to these meetings where ideas are shared and concerns are raised and settled. Matters that will affect the industry are discussed and the industry gets a chance to make inputs before positions are finalised. In many cases, vital interventions come from the industry that strengthen and improve the regulatory output from the FSC. Ladies and gentlemen, I am strongly suggesting that you recommend to your companies that they join the relevant industry associations not only to share

in this dialogue with the FSC but to work as a team in developing performance standards for your industry which can only lead to improvement in all areas of your business.

I would also like to use this opportunity to encourage intermediaries to exercise and practice honesty and integrity in all their operations. Being compliant is one important step towards guaranteeing that your business serves the needs of the Jamaican public. I also want to send a word of caution to participants in the sector to desist from encouraging any activity which unduly places Jamaican investors at risk. Even the briefest of reviews of the financial literature will throw up numerous stories about financial predators who rope the unsuspecting, the gullible, the greedy and the inattentive into their get-rich-quick schemes. They always end in disaster, but not for the predator. Well, no person, and no entity, is above the law. The FSC will pursue its mandate in all circumstances to ensure that the rights of the Jamaican investor and policyholder are protected.

But a greater responsibility, and one of far greater impact, rests with you, the legitimate financial sector representatives, to convince your clients of the absolutely crucial and vital distinction between a legitimate regulated financial entity and those predators who swim in the dim and dangerous waters where the incompetent, the naïve, the foolhardy and even the outright criminal peddle their wares.

Thank you.

Brian Wynter
Executive Director
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