

IAJ YEARBOOK

Ninth Edition - October 2019

SOME OF THE FEATURES IN THIS EDITION

- Localization of the Insurance Industry.
- Getting Acquainted with Personal Accident Insurance.
- Better Driving Behaviour for Improved Road Safety.
- Climate Change Implications for Jamaica.
- Interview with Cathy Lyn - A Practitioner of Actuarial Excellence.

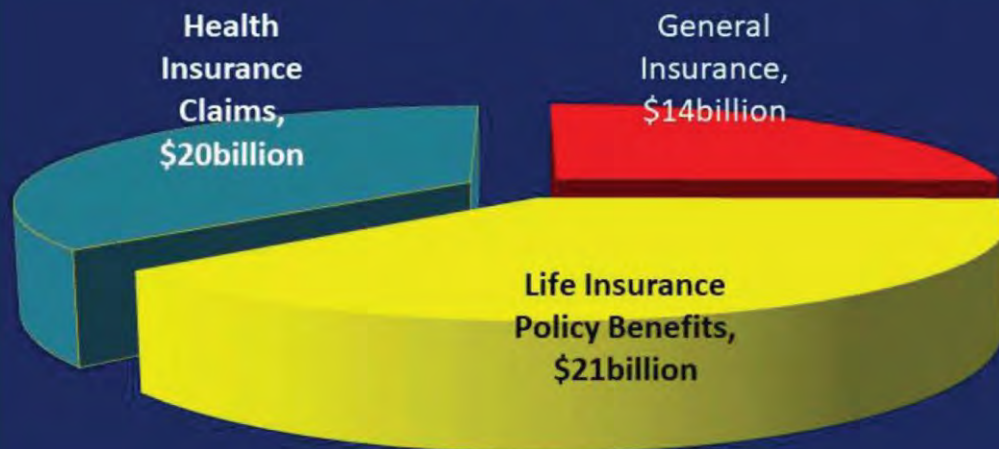


Cathy Lyn



Peter Levy,
IAJ President

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DURING 2018**






INSIDE: Informative, current, relevant and workable ideas plus 2018 Insurance Industry Statistics



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Foreword

by
Peter Levy
IAJ President

The Insurance Industry in keeping with the continued recovery of the Jamaican Economy had a productive year in 2018. I am pleased to report that the local Insurance industry paid out in excess of **\$55.30billion** in benefits for 2018 comprising: **\$13.90billion** in General Insurance benefits, **\$2.37billion** in Life Insurance Policy benefits and **\$20.03billion** in Health Benefits.

This amount does not include pension benefits for which the life sector has in excess of **\$322 billion** pension funds under management which will provide Retirement Benefits for its members in the future. The buoyancy of the sector has attracted three new players to join the Insurance fraternity in 2019.

In the General Insurance Sector, Iron Rock and Massy United Insurance Company have come on board while on the Life side Canopy Insurance has joined the Insurance Family. While this is indeed evidence of the future prospects of Insurance in Jamaica, we are still concerned that the Insurance Penetration in Jamaica is still low.

Our records still show that 25 % of our work force has Health Insurance, 28% have Individual Insurance 20% of residences are insured despite the fact that we are in an earthquake and Hurricane zone, Although motor Insurance is required by law for all motorists only an estimated 70-75 % of the motor vehicles on our roads are covered.

As we go forward we have completed our Deliberations with the Financial Services Commission who are preparing legislation for the introduction of Micro-insurance, which is geared to provide easier access to insurance



Peter Levy

for the under-served and under-insured segment of our population. We are at an advanced stage in the Implementation of our Insured Vehicle Information System (IVIS) which we expect to significantly improve motor insurance compliance.

Finally we continue work hard to improve our customer service especially with respect to the more timely resolution of motor claims.



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CELEBRATING



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the next chapter of our journey, we commit to continue operating as an integrated, customer-centric company which delivers its brand promise consistently and contributes with the same fervour to nation building.

Thank you for your unwavering support as we continue to help Jamaicans live securely and live 'easy'.



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Company Limited.



Eric Hosin, CD
Immediate Past President
President
Guardian Life Insurance
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Insurance Association of
Jamaica



Annette Robotham
Corporate Secretary
General Manager
College of Insurance &
Professional Studies (CIPS)

Editor's Message



Orville Johnson, OD

Once more it is our pleasure to present to you the Annual IAJ Magazine. As usual we seek to capture our major activities in the year under review, also to bring you articles on a range of issues that we hope you will find interesting and informative. We have laid out the vital statistics for industry for all to see. We do put a lot of thought into the content of our magazine as we seek to ensure that you are better informed on issues both insurance and otherwise.

This year we feature Cathy Lyn one of our outstanding Actuaries who has made her mark in her chosen career in Jamaica, and the Caribbean, but has also to use a popular phrase taken "Jamaica to the world".

This year we also focus on the rich history of both the life and General Insurance industries through the reflections of some of the persons who helped shaped the industry giving you a "front seat view" on where we are coming from and a glimpse of what to expect in the future.

As the carnage on the road continues we often forget that many use the road to make a living. Alphonso Grennel's Article on driving heavy vehicles demonstrate the importance of proper training for those who traverse the road for a living. Carlton Raymond's piece on the often forgotten Personal Accident Insurance provides an expose on this area of insurance cover that many times is taken for granted.

On the National level we outlined the issue presented by Climate change that we ignore at our peril as well as encourage you get acquainted with Government's vision of a National Health Plan. Finally as we celebrate the success of our Economic Recovery Program I point out some areas that I believe we must focus on if we are to realise the economic Independence our forefathers envisaged.

Happy Reading and as usual your feedback is appreciated

IAJ YEARBOOK

NINTH EDITION
OCTOBER 2019

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General Manager, CIPS
Corporate Secretary, IAJ

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IAJ Statistical
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Former IAJ Presidents



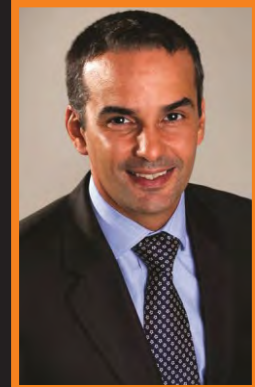
Earl Moore
(2005-2007),
President & CEO,
Guardian Life.



Andrew Levy
(2007-2009),
Managing Director,
JIIC
(Now GK General)



Jacqueline Sharp
(2009-2010),
Former General Manager,
Scotia Insurance



Paul Lalor
(2010-2012),
President & CEO,
Insurance
Company of the
West Indies.



Hugh Reid
(2012-2014),
President,
Scotia
Insurance



Karen Bhoorasingh
(2014-2016),
President,
Guardian General



Eric Hosin, CD
(2016-2018)
Immediate Past President
President of Guardian Life

ROLE OF THE IAJ

The IAJ is committed to supporting the growth and development of the insurance industry to the benefit of Jamaicans and the economy as a whole by providing quality support services to members through:

- effective lobbying on issues that impact the industry
- provision of information for decision making, as well as avenues for addressing common concerns
- organizing public education and other public relations activities
- providing services to members and policyholders
- promotion of the best interests of the insuring public
- encouragement of ethical conduct of members

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Protect Your Home Against Strong Winds!

Whilst Jamaica is a paradise, it is located in the tropics which is prone to hurricanes half the year, June 1 to November 30. With the hurricanes, come strong rains and gusty winds which can cause significant damage to your home and property. Whilst we welcome and enjoy a cool Jamaican breeze to beat the heat, the winds themselves can cause serious damage to your home if they are too strong. Not to panic, as we at Guardian General Jamaica (GGJ) have some tips that can help you to mitigate against serious losses, during a hurricane.

1. Roof damage – Check for damages periodically that you can address. Whilst it is quite expensive to overhaul your roof especially on short notice; if you do have a roof made of galvanize sheeting, nails and wooden beams, do a check and ensure that all nails are properly hammered. Any crooked or rusted nails should be replaced promptly.

2. Reinforce and protect windows – Glass windows and strong winds are not a good mix. You don't have to change out your glass windows! Luckily, reinforcing windows are relatively simple and easy for anyone to do. You can do two things:

- Create a protective shielding around your window using pieces of ply that are nailed or drilled into the wall; or hurricane shutters that can be custom fitted to your window.
- Cover your windows with hurricane film. Hurricane film is a transparent, plastic that is placed on window panes. While it is not a guarantee to stop your windows from breaking, it can prevent glass shards from scattering and causing you harm.

3. Prune or cut nearby trees – Trees and branches are often the

culprits in home damage when blown down by heavy winds. Branches that are broken can have sharp points; perfect for penetrating windows, doors and even roofs based on your roofing material. Similarly, entire trees that are blown down during storms and heavy winds can completely destroy homes due to the weight of the trunk.

It is better to be proactive in your approach and prune as much of the tree's branches as you can. For large trees that are located too close to your home, you can consider uprooting and replanting at a more convenient location. Your very last resort should be to chop the tree down completely.

4. Secure outdoor furniture and appliances – For an outdoor patio with furniture, eg. a BBQ grill, it is a good idea to have these things secured or bolted down to the ground in the event of strong winds and rainstorms or move them indoors temporarily instead.

5. Do a perimeter check – While your home, furniture, appliances, and roof may be secured, there may still be potential risks surrounding your home. Do a perimeter check and look for anything that could cause damage to yourself or your home in the event of strong winds. This includes but is not limited to branches, old machinery, metal sheeting, galvanize, gravel, glass panes, broken fences, tiles.

Make the necessary renovations where you can and get rid of all other potential risk factors.

6. Obtaining home insurance – Of course, there is the possibility that you could still experience losses during a hurricane, even after doing all your safety precautions. Ensure if this does happen, you have secured adequate home and contents insurance from Guardian General Jamaica (GGJ), so that you can *Live Safe, Live Easy!*

Message from Minister of Finance and The Public Service The Honourable Nigel Clarke, DPhil., MP



The role of insurance in mitigating natural disaster/weather-related costs is becoming increasingly important.

Congratulations to the Insurance Association of Jamaica (IAJ) on publication of the Ninth Edition of your Yearbook.

Insurance, like other financial services, plays an important role in transferring and absorbing risk for many Jamaicans. Insurance products provide individuals with financial protection in health, retirement, property, agriculture, among other areas. Jamaica's positive economic environment means that individuals and businesses will demand more insurance products in these and other areas.

The role of insurance in mitigating natural disaster/weather-related costs is becoming increasingly important. The Government of Jamaica is taking a strategic approach to disaster risk financing and looks forward to the IAJ playing

a leadership role in augmenting that approach through the development of products against natural disasters, and products that are accessible to vulnerable populations.

The IAJ continues to utilize its platform for the growth and development of Jamaica's insurance sector. The publication of another statistical yearbook presents another opportunity for the industry and other stakeholders to utilise data to inform analyses of the industry. Jamaica's positive economic performance to-date requires increased access to and use of data in decision-making at all levels. I applaud the IAJ for continuing to provide this 'public good.'

Congratulations on the launch of another successful statistical yearbook.

Yours sincerely,

Nigel Clarke, DPhil, MP

Minister of Finance and the Public Service

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REMARKS FROM THE FINANCIAL SERVICES COMMISSION (FSC)

by **Everton McFarlane, Executive Director**

I thank the Insurance Industry Association of Jamaica (“IAJ”) for the honour and privilege of bringing remarks on behalf of the Financial Services Commission (“FSC”).

The insurance industry has shown tremendous growth in recent years, as illustrated in table 1 below.

Table 1: Asset and Premium Income of the Insurance Industry, 2016 -2018

Category	GENERAL INSURANCE			LIFE INSURANCE		
	2016	2017	2018	2016	2017	2018
Total Assets	71.2	78.0	81.1	297.2	312.1	324.2
Net Premiums	16.9	18.2	20.0	48.0	58.5	59.6

All data are in millions of Jamaican dollars, and are based on annual filings for the periods ending December 31. *Source: Audited statutory filings*

That growth continues today, and as the Jamaican economy continues to exhibit macroeconomic stability in response to prudent fiscal and monetary policies, and the real sector continues its upward trajectory, we expect income and wealth to continue to grow and consequently, so will insurance markets. The FSC's role will continue to revolve around the critical mandates of:

- Ensuring financial soundness of the institutions offering insurance services and products;
- Promoting and enforcing good market conduct on the part of insurers, intermediaries and agents in respect of the engagement with the insurance buying public, and in terms of their own governance structures and procedures;
- Facilitating safe product innovation and market development; and
- Promoting greater public education, and financial literacy.

In this regard, I will take this opportunity to highlight several important broad-based initiatives that will help up to accomplish these mandates in the medium term, namely:

- A reform of our supervisory processes and practices to ensure sustainable institutionalization of Risk Based Supervision (“RBS”).
- A review of solvency standards for both the General Insurance and Life Insurance industries



- New legislation to support the further development of the Microinsurance market; and
- Financial Literacy

The insurance industry and the IAJ, in particular, remain vitally important stakeholders and partners in all these initiatives and the FSC commits to doing its part to maintain viable and vibrant avenues for constructive engagement. Our partnership with the IAJ in the area of public education and financial literacy is particularly noteworthy. Over the last two years, in particular, the FSC and the IAJ have partnered together on financial literacy initiatives across the island. The FSC coordinated events in Westmoreland, Hanover, St. James, St. Ann, St. Elizabeth, St. Mary and Manchester, with the kind support of the IAJ and the Jamaica Association of Insurance Financial Advisors (JAIFA).

These events targeted the “man on the street” and provided a platform for engaging investors on how the financial industry can help them achieve their financial goals and the knowledge, skills and positive financial behaviours that can help get them through various life stages. It is our hope that this partnership will continue to create a new level of transparency between the FSC as regulator and the industry, benefiting all participants by promoting greater financial inclusion, stable markets, robust growth and public trust.

On behalf of the Board and staff of the FSC, I wish the IAJ and its members, and by extension the many thousands of policyholders and customers, continued growth and success.



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THE FSC INVESTIGATES WRITTEN COMPLAINTS ABOUT THE BUSINESS PRACTICES OF REGULATED ENTITIES AND RECOMMENDS APPROPRIATE ACTION(S).



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Dr. Adrian Stokes
 President

Interview with **CATHY LYN, FIA, FSA, ACTUARY**

a multi-discipline and multi-dimensional professional with ever growing curiosity about people and the factors driving their behaviour.

IAJ YB: The name Cathy Lyn is well known in actuarial and financial circles but what was life like for you, before becoming an actuary?

Life was mostly school which was exciting as the changes were phenomenal year after year. I was at home since birth with my gifted mother and that experience getting her sole attention set me on a journey with a difference for life. She had amazing intellect that she practiced on me everyday and I read all manner of story books and fairy tales moving on to science, best sellers and literature in later school years. My father was a chemical engineer with an MSc from MIT so he was the influence for my leaning towards the sciences.

I started school at Brampton in Mandeville where five elderly ladies took ten children to teach every morning and two years later moved to Ewarton where Ena Bewley, a dairy farmer's wife, taught myself and her grand-daughter in her back bedroom. At eight plus years old my mother thought it was time for me to go to school in Kingston so I was sent off to Miss Butler's at Westbrook 76 Half Way Tree Road opposite Holy Childhood.

After sitting the Common Entrance examination and winning a Government Scholarship to St Hugh's High School my schooling becomes more traditional. I did arts and science subjects in lower school including Latin and two foreign languages, French and German and proceeded to take A level Mathematics, Physics and Chemistry. My A level grades got me the Jamaica Centenary Scholarship, I was admitted to UWI where I read a Math Special Hons degree. That degree generated two exemptions from the professional actuarial examinations for the Institute of Actuaries in the UK.

In Lower Sixth I am pleased to have served as captain of the St Hugh's High School School's Challenge team which won the first such competition. SHHS has been an all girls winning team for over 50 years.

Lots more happened in my first 21 years of life and the above are just highlights.

IAJ YB: From all indications, Actuarial Science demands an extremely high interest in and knowledge about mathematics, what were the influencing factors that led you to become an actuary?



Cathy Lyn

Competency in mathematics is no special accomplishment and just a tool for actuaries. That expertise is a given and not hard to master. I have a science background rather than a business background so economics, accounting, law, demography were new areas for me to master. The actuarial skills to build financial systems starting with the life and pensions industries moving out into healthcare, nonlife insurance and wider fields such as tourism, agriculture, energy supply, financing tertiary education etc. shows how little the country is taking advantage of the versatility of the actuaries within their reach. The professional examinations are rigorous and demand an exceptional level of performance to just pass. The examiners are clever and they expect us to be clever to pass. There are less than 100,000 actuaries in the world. I was totally unaware of the opportunities becoming an actuary gave me to influence nation building.

IAJ YB: Where did you pursue advanced studies on the road to becoming an actuary and what were your memorable experiences during your pursuit?

I took the work study route taking professional actuarial examinations set by the Institute of Actuaries in London, UK. R Watson and Sons, a prestigious firm of consulting actuaries employed me as an actuarial assistant at their office in Reigate, Surrey. What was memorable was the culture shock moving from an undergraduate life full of diversity when students from the islands came to the Mona campus to living in England coping with isolation, working for the first time and an examination system in an unfamiliar industry. It took me seven years to get absorbed into that English community for seven years and I still have many long standing friends there 40 years later.

IAJ YB: In your early entrance in the actuarial field where did you find employment and what impact did this early experience have on your life?

Denise Radix, another UWI Special Math graduate a couple years ahead of me, introduced me to Bob Masding and Ian Young, two actuaries at R Watson and Sons in the Kingston office and they arranged for me to start work in the Reigate office in England. Many famous actuaries in the pension industry were partners so I was lucky to have close professional contact with many prominent names and soon to be prominent names as each generation produces more leaders in actuarial circles. This opportunity has opened many doors for me as my volunteer work stretches across the Atlantic with the Institute and Faculty of Actuaries on the European side and the Society of Actuaries on the American side. My volunteer work hit a high when I served as President of the Caribbean Actuarial Association, moving on to Chair of International Association of Consulting Actuaries and also serving on the Executive Committee which manages the International Actuarial Association (IAA) on behalf of the IAA Council.

IAJ YB: When did you receive your first professional qualification as an Actuary and how did it impact on you?



Cathy with Fae Ellington on Profile

There are two stages, Associateship and Fellowship.

IAJ YB: Actuaries do have annual conferences what are some of the memorable actuarial conferences you have attended and how have they inspired you?

Designing the programme for an actuarial conference is exhilarating

IAJ YB: Most people tend to think of actuaries as having a major focus on the insurance industry, what are some of the areas or industries in which the services of actuaries are required?

The actuarial profession has a long history in the life insurance industry and to a lesser extent sickness and funeral benefits. Actuaries servicing the non-life insurance industry is newer. Actuaries can bring insight through their ability to handle and analyse the relationships between several factors operating at the same time as well as shocks to the systems. I'm going to quote from Commentary April 2019 published by the Buffin Foundation "Frederick Menzler, a British actuary, who was President of The Institute of Actuaries 1950-1952. He qualified as a Fellow of the Institute of Actuaries exactly one hundred years ago in 1919. Menzler advocated a much broader role for actuaries, including roles in industry and finance and investment. He envisioned the future actuary as a multi-faceted professional expert, including as a statistician, economist, public policy advocate, and investment manager. His career path was remarkably different from that of the typical actuary in the first half of the twentieth century. He held executive positions with London Transport and directed a number of projects involving operational research methods in areas such as the environment, urban planning, infrastructure development, decent work conditions, and health in industry. His 1925 paper *The Future of the Actuarial Profession* is noteworthy for its relevance today ninety-four years after Menzler originally presented it at the Institute of Actuaries." Examples for the Caribbean

actuaries are to provide modelling and insight for our tertiary education system, affordable housing, utilities and tourism.

IAJ YB: What are some of the areas in which your professional service has been involved that give you that satisfying feeling of professional accomplishment?

It is difficult to segment professional service to answer the question posed. It is cumulative over the years in range and depth. Overall, what is most pleasing has been building credibility, trust and respect. However, real impact is only possible when all actuaries pull together to get treated as somebody rather than nobody. It is about image of the group not a single individual.



Cathy with Actuarial Associations Presidents

IAJ YB: You have served as President of the Caribbean Actuarial Association what would you consider to have been your greatest achievement in that prestigious position?

My six year stint on the CAA executive allowed me to raise the CAA profile in the region and internationally. I must thank each executive team for their support and trust. My greatest achievement was building that prominent image for actuaries and my successors inherited that legacy for them to take the lead and build a greater image with pride. I started an inclusive approach with other groups who are key to decision making in the financial industry by forming the CAA Advisory Board that provides a mechanism for us all to get together actuaries, accountants, regulators and the insurance industry. I would like to see more action executed through this Advisory Board to address growth and



wealth generation in the region as this has been slow to materialize. The fact that so many of the population that provides our customers have such a low proficiency in English, mathematics and science is very disturbing and even worse when the young people have to resort to prostitution and crime to try and survive. We can do lots to improve

the lives of the less fortunate on a mass scale. This topic about what actuaries can do would need another interview to cover.

IAJ YB: You seem to have very close contact with Actuaries in Canada why is that so?

Actually, I am close to actuaries almost everywhere as my reach is wide and I feel the CAA has lots to offer other small associations so looking forward to them stepping up as a leader.

IAJ YB: Over the years you must have achieved numerous awards which ones have made you feel proudest?

The recognition is pleasing especially as my model gets more publicity and interested to see organic growth when others copy the model to support more people development and commercial development that benefits society.

IAJ YB: In 2018 International Congress of Actuaries you staged a four hour mini conference proposing a theory that Diversity of Thought is the key to raising the profile of the actuarial profession and creating more jobs, how is this concept of diversity progressing?

The Diversity of Thought discussion is taking a world tour. After Berlin, we had a three hour workshop at the Capetown Colloquium in April 2019. Then we move to the CAA conference in

Curacao where we have an hour and a half workshop in December 2019. Each workshop still addresses the same underlying principle while the content is customized for the audience. For the CAA in Curacao, we will do diversity of thought while focusing on inclusion to show some courage in creating more partnerships in insurance and other industries to generate more jobs as we bring more insight in decision making. You will see the underlying thread of sustainable social and economic development.

IAJ YB: You seem to have a penchant for public service why is this so?

My public service is driven by the challenge to change behavior into forming more caring communities that will generate wealth both financially and in the way we relate to each other. This public service wants to demand a reduction in excuses for non-performance, less band aid solutions , prohibit normalizing of bad behavior...the list is long but let us start with those items and boost that portion of the population who take responsibility for self with high values in ethical behavior. This is the vision which is taking traction because it ties in with creating more jobs, either employed or self employed, by converting .academic knowledge into income streams where both supplier and customer benefits by the service.

IAJ YB: There is no doubt that you have world wide experience where are you currently employed and what would you consider to be your most outstanding strength in the actuarial field?

My strength is to transform my academic knowledge into bringing insight for better decision making to build sustainable systems that serve communities socially and economically. It is the power of the intellect for wealth creation, not only financial wealth but in wealth spirit, sharing knowledge and kindness so we squeeze out the selfish and corrupt. The country has made a terrific investment in the education it has given each of us and deserves a better return on that investment.

IAJ YB: You have had over 40 years experience in the actuarial field what advice do

you have for young people in the field and those aspiring to enter the actuarial field?

Being an actuary has transformed my life to contribute in the actuarial space. My advice is for the young people to read lots and read critically, develop a network with people who are principled yet diverse, develop a curiosity to fix systems that are unfair and use their imagination to create income streams so both purchasers and suppliers serve a need that allows us to grow into a satisfying community.

I commend the many events that support many charitable causes. Young people, it is a pleasure to see giving but make the distinction between redistribution of wealth and sustainable development. Use you actuarial knowledge to bring insight to decision making.

IAJ YB: No matter how outstanding and professional one becomes, the time comes when retirement takes precedence, how would you like to be remembered in the actuarial field and your general application to life and living?

My contribution has grown with time. When I first entered the actuarial profession I provided unexpected diversity being Jamaican born of Chinese descent, a native English speaker and an education background a variety of people accepted quickly, a friendly soul who has a quick rapport with many individuals in a range of social and economic levels. Lately I have become more involved with opening doors for young people. As a co-founder of the Gloria Lyn Memorial Fund (GLMF) set up in memory of my mother who was on the academic staff at UWI, the GLMF raises the profile of literature at UWI, we give a USD500 prize annually, put on literary events, run literary competitions and open doors for literature graduates to get more jobs and seek out new areas for literature graduates to penetrate both commercially and culturally.

I would like to be remembered as credible with this reputation.



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Localization Of The Insurance Industry In Jamaica



In the late sixties a passion developed in Jamaica for localization of the Insurance Industry. There was much concern that premiums for policies garnered in Jamaica were merely forwarded to overseas principals and had so significant impact on Jamaica's economic development. Then Minister of Finance the late Hon. Edward Seaga was one of the vocals extolling the benefits of localizing the insurance industry.

IAJ Yearbook took the opportunity to interview some of the champions of the industry who were on spot at the time and elicited their views on what transpired during those years when localization was passionate among many members of the industry.

Three of the persons who contributed to the discussion about localization were: **Dr. The Hon. R. Danny Williams and Dr. The Hon. Oliver E. Jones** who focused on the life side and **Peter Thwaites** who commented on the General side.

Their comments are on the succeeding pages.

Insurance legislation, the Insurance Act came into operation in 1971 and the Office of the Superintendent of Insurance was charged with the enforcement of its administration. This Act lacked standards for solvency, investment and accounting. There were no penalties for breaches of the Act and Regulations outside of cancellation of registration.

The Financial Services Commission Act, 2001 introduced a new integrated regulatory body in Jamaica, charged with regulating and supervising financial services in the areas of insurance, securities (including unit trusts) and, eventually, private pensions.

In the case of the insurance industry, accounting standards were developed and included in regulations under the new Insurance Act of 2001. The Insurance Act of 2001 incorporated major provisions to counter any problems in any areas under its jurisdiction.

A PASSION FOR NATIONALIZATION AFTER INDEPENDENCE



Dr. The Hon. R. Danny Williams

The Life Insurance Industry at Independence in 1962

Jamaica got independence in 1962. At that time, all of us who were Jamaicans, cared about the country. At that time, the life insurance industry was just a bunch of branch offices. The company we had was Mutual Life. It was a small co-op society. It was in no way particularly aggressive. So you have a situation where there were fifteen or seventeen Canadian, British and even Barbados Mutual operating. All they did was sell insurance and ship the money back to their respective countries. None of the funds which would come from and industry were being invested here. Even urine samples that were taken in Jamaica were sent to Canada to get them tested.

An Overflowing Spirit of Nationalism After Independence

“There was the background of nationalism following independence and the situation of money being shipped out of the country.”

You had the background of nationalism following independence and you had the situation of a business and the money being shipped out of the country. Edward Seaga to his credit, started to promote the Jamaicanisation of industries. As a result of Eddie promoting it, others who were involved like Douglas Fletcher, Russel Graham, myself and others formed Citizens Bank. Bank of Nova Scotia went to the public a few months before us in 1967 when they heard that a Jamaican Bank was going to be formed. This was a kind of start of Jamaicanization.

Lack of Professionals in many important disciplines

So, we had the situation where all these Canadian companies etc., operating here, shipping the money back and you had no industry. We didn't even have an Actuary here. Daisy Coke was still in England studying. She had not come back yet as I recall. We didn't have a trained actuary. We didn't have any investment businesses in Jamaica. All you had were these Branch Offices and some Building Societies and a few things like that. You didn't have people trained

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Approached by Edward Seaga

Eddie Seaga approached me and said to me, "Danny you seem to be the logical man, based on the size of North Life operations here and the influence you have to form a local company". At the time I told him no, because I was not ready for it. A year or two year later I felt we were ready for it and I had the experience of being involved in the formation of Citizens Bank, kind of showed me what to do to form a local company.

Decision to Put a team together

Following that I decided to put together my team

of Donald Davidson, Manley McAdam, Adrian Foreman, Herbert Hall and myself, we decided, yes, it was time for this action. So I want to North American Life.

Forming a Local Life Insurance Company

The first thing I thought of doing was effecting a process as Bank of Nova Scotia had done and to form the operation into a local life insurance company and to distribute 49% to locals. Shortly before that, there was a Stock Market, so we were able to go on the stock market. I tried and tried and tried, and they were not interested. So I said ok, I will go cold turkey and I will do it myself.

Overseas Help

So I consulted with the Chairman of North American Life. He and I got on very well, a gentleman by the name of Bill Anderson and he put me in touch with Peat Marwick of Toronto. I told them what I wanted to do and they assigned an actuary to me and a qualified accountant. I got together a small group of us to put up the seed capital mainly the names of the team I already mentioned and a few others and we hired these people to guide me to form the local company.

Fear that a Local Life Insurance Company would conquer the marketplace

When it was announced that we were going to form a local company, all the other Canadian Companies operating in Jamaica were all against me. They were against me because they felt that if a dynamic Jamaican company comes on the scene it's going to give their Canadian business hell. But, I didn't care about that. I had to face that obstacle of others who were in the business. But I got immediate support for the idea, the same way Citizens Bank had got support. Backed up by good advertising, and Public Relations we launched a national campaign. Also, backed by people like Douglas Fletcher of Myers, Fletcher & Gordon, the legal structure was put together and we went to the market for the money. Some 2,500 Jamaicans put up the money to form the Company. I was the largest shareholder with only 4% of the company. It was a very widely held company and we went from strength to strength.

Problems caused by doing too well.

One of the things that happened to us; we were doing so well that we were going bankrupt

because in those days you had to have cash to match the cost of writing the business and we were selling so much insurance that we were outselling the cash we had on hand, so I had to slow down. However, as a result of technical advise, we were able to overcome the problem.

Start of an Investment Division
in a Life Insurance Company

It all started with Edward Seaga who supported with the country needing it. I recruited Carl Hall from Canada to come here and we started setting up and Investment Division. North American Life was very good to me. They allowed me to copy all of their documents , all of their forms, rate book and things like that, so that saved me an enormous amount of money. That was what motivated us as Jamaicans to start a local

industry. That's why today we have so many actuaries, people in investment .

Success facilitated Buyouts

Because the Canadian companies saw how well we were doing, they realized that their days were numbered, so we were able to buy the business portfolio of a lot of them. I was able to buy the portfolio of North American Life, Empire Life, Maritime Life, Confederation Life and American Life.

Benefits of aged portfolios

We were able to buy these portfolios, because if you get an aged portfolio, it is the aged portfolio that gives you the money to buy new business. I bought those aged portfolios, not with cash. They would take whatever surplus there was on the business. Then I issued them a preference share for 20 years after which we would pay for the business.



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LOW LOCAL PARTICIPATION IN THE STOCK MARKET IMPACTED QUICK LOCALIZATION OF ISLAND LIFE

By
Dr. The Hon. Oliver E. Jones
Former Chairman,
President & CEO, Island Life

Jamaicanization

Edward Seaga, long before he became Prime Minister, had the idea of Jamaicanization of the life insurance companies. I recall very distinctly when he told me that too many of our young bright men and women were travelling over the country selling insurance products for Canadian and US Companies.

Overseas Companies Collecting Large Premiums

I remember when he further said that well-dressed men with briefcases in hand representing overseas companies, collecting large premiums and sending the profits overseas. Those efforts must remain in Jamaica. He was correct. The Canadian companies were popular and dominated the market.

He became Prime Minister in 1980. The 70s was a huge disaster economically and by 1983 the bauxite companies were downsizing in Jamaica.

Small Percentage of Persons Involved in the Stock Market

I recall very clearly only about 2-3% of the working population was involved in the stock market, hence the difficulty in localizing any of the companies.

It Took Many Years for Island Life to Get Started

It took many years for Island Life to get started because it was difficult to sell 100 – 200,000 shares. I was one of a few who bought a sizeable amount of shares. While the difficulty persisted, I pleaded with Mr. Seaga with no avail. Manufacturers Life advised me that they cannot and would not invest in a minority position outside of Canada.



Excellent Relationship with Manufacturers Life

Manufacturers Life wanted at least 51% and Jamaica wanted the same. I was prepared to accept 49% because of the remarkable relationship which was established with Manufacturers Life.

Mr. Seaga said that could not be done. I further advised the Prime Minister that Manufacturers Life treated me like a father to a son. I was allowed broad responsibilities and not once did Manufacturers Life ever proffer objection to my administrative actions. They also wanted me to take over their operations in Barbados and subsequently to take over the United Kingdom. It was a fantastic relationship.

Island Life Prospered

After Island Life was fully established it prospered very well during its years of operation until the downturn caused by the financial meltdown in the early 90s.

DEVELOPMENT OF THE JAMAICAN GENERAL INSURANCE INDUSTRY

IAJ YB INTERVIEW WITH: Peter John Thwaites

Former Managing Director of
Dyoll Insurance Company Ltd.

IAJ YB. Describe the origins of the local General Insurance Industry ?

Prior to Independence in 1962 the General insurance industry in Jamaica was controlled by Agents for British Ins companies. Most of the Agencies operated out of Solicitors' offices and provided the local contact for the British Companies. It began to change shortly after Independence when there was a move to replace the Agencies with locally owned Jamaican companies. Dyoll , ICWI, and Jamaica General, among others, were formed by taking over the portfolios of companies which were originally Agencies.

IAJ YB. The Industry consisted initially of foreign owned companies, branch operations and agents what motivated the localization process?

Post - Independence, Edward Seaga, who was Minister of Finance , began encouraging the localization of foreign insurance companies in Jamaica.

IAJ YB. How did the foreign companies based here react to the localization movement?

They were initially reluctant but they had to do it.

IAJ YB. How was capital mobilized to establish the local General Insurance Industry?

Dyoll used the Stock Market, and others used their own funds.

IAJ YB. How did the advent of the local players impact the market place in terms of products offered reinsurance arrangements etc.?



There were two persons who stand out in my mind, who helped the local companies to get up to speed on the new policies, which were in fact copies of the British ones suitably amended to comply with the laws of Jamaica, and the placing of Reinsurance. They were Fred Rowlands an English adopted Jamaican and Eric Thorn of Sterling Offices of Canada Reinsurance Brokers.

IAJ YB. What was the reaction of the Jamaican marketplace to the local companies?

There was really little or no problem, as in many cases the new Jamaican companies were being run by the previous Agency managers who were British.

IAJ YB. Over the years, the Industry would have been subject to the impact of events such as hurricanes; Gilbert comes to mind. How did the Industry deal with the events

and how did the insuring public and the regulators respond?

The local Insurance industry from the very beginning had been well managed, reinsured and supervised by the Jamaican Government, so the industry has had no problems with handling all catastrophes in Jamaica so far.

IAJ YB. The meltdown of the Jamaican Financial Sector in the 1990's early 2000's did not affect the Local General Insurance adversely, to what do you attribute this achievement?

It was the fact that the industry was properly regulated.

IAJ YB. The fact that the Jamaican General Insurance Market has transitioned successfully from foreign dominated to one which is almost totally locally owned has gone largely unnoticed. To what would you attribute this success?

Prudent management, good Government regulations and good service to our

customers.

IAJ YB. Many predicted consolidation but instead we see more players coming such as Iron Rock and more recently Massy, what do you see in your crystal ball?

It is a business about money. If people with the necessary capital and expertise and see an opportunity then they will go for it. Obviously the owners of Iron Rock saw an opportunity and took it.

Massy in Jamaica is an Agency for their Insurance company and is not currently in competition with the market.

IAJ YB. What are the issues facing the General Insurance Industry at this time and how in your judgement they should be addressed?

The biggest issues really are the new requirements of the Financial Services Commission (FSC) and how they regulate the Insurance Industry.



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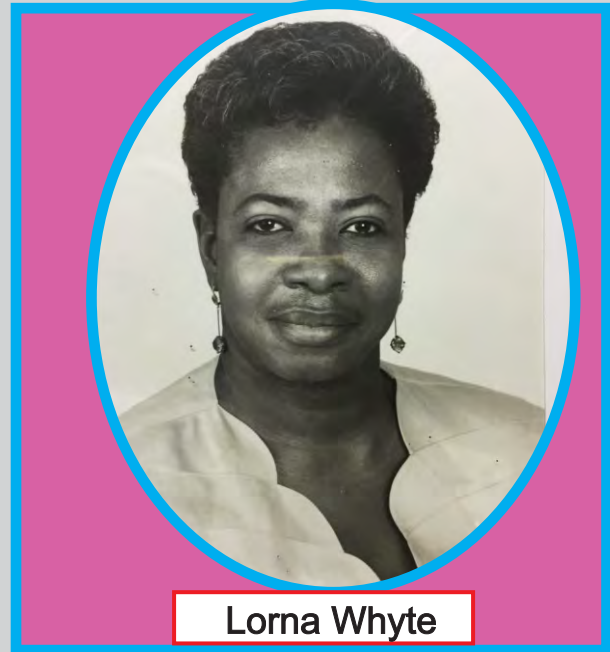
Jamaica Mutual Life Assurance Society was the oldest Life Insurance Company in Jamaica and was established in 1844 by an Act of Parliament. It grew over the years to be one of the proudest achievements by Jamaicans. Its footprint went beyond the shores of Jamaica into the United Kingdom, USA, Belize, Barbados, Trinidad & Tobago and Grand Cayman. It had a profound influence on not just the financial and economic welfare, but also on culture sports and community matters. At its peak it was seen as a financial supermarket offering a range of financial services to its many customers at home and abroad. Unfortunately, the Institution encountered Financial difficulties in the 1990's and eventually became insolvent and its operations taken over first by the Government through the FINSAC programme and it was eventually sold to the Guardian Life Group, from Trinidad and Tobago, a company to which Mutual Life gave birth.

Orville Johnson, OD, IAJ Executive Director posed a number of questions to LORNA WHYTE a former member of Mutual Life and Guardian Life about her remembrance of Mutua Life. The following are the questions and responses.

What were the origins of Jamaica Mutual Life, and what was the philosophy on which it was founded?

Jamaica Mutual Life Assurance society, originated from a private venture by a small group of business-minded persons using personal funds and private equity. One of the founders was George Williams Gordon who was age 24 at the time of this investment. Gordon is now one of Jamaica's national heroes after whom the parliament building, Gordon House is named and whose facial image is seen on our 20dollar coin (previously 20 dollar note).

The objective then was to provide life insurance at a lower cost than those charged by the foreign companies. The philosophy was always affordable insurance and financial security for Jamaica and making positive contribution to the development of Jamaica.



Lorna Whyte

It was started by a special Act of Parliament, why was that necessary and what did it mean for the "Society" ?

I am not sure why the Act of Parliament ((the book may say) Imagine that because it was the first Local Life Insurance being formed the formation being supported by enactment of a law would syndicated the Government support and maybe also to ensure that the founders remained committed and not try to change its mandate. It also meant that the founders had to stay with its mandate e.g. mutuality as changes would require approval from Parliament as an amendment to the Act.

Mutual Life was a Mutual company what was the significance of this and how did it differ from a stock company?



The significance of being a mutual company is that only With Profits Policies share in the profits of the company; they are the true owners of the company. This is contra to a stock company where the stock holders share owners get the first share of the profits, albeit with profits policyholders may get a bonus on their policies. Mutuality means the company was owned by all its with- profits policyholders collectively versus a stock company that is owned by a group of shareholders who do not need to be policyholders

Mutual Life had a long run and survived many adversities in Jamaica's history, what were some of these events?

There were many disasters such as fires and earthquakes including those that destroyed Port Royal. The records indicate that after one disaster claimer were paid from under a tree, but the Mutual always paid..

Jamaica Metal's operations were not limited to Jamaica but its footprint went beyond Jamaica's shores. What were the other territories in which it did business?

Territories

- Cayman Islands
- Barbados
- Belize
- Trinidad and Tobago
- United Kingston
- JMLAS had salespersons who went to the other Caribbean countries and sold insurance

It was often referred to as the Life Insurance giant of the Caribbean, why was this?

Jamaica Mutual Life merger with Standard life Insurance Company of Scotland immediately made it the largest insurance company of the Caribbean as its insurance portfolio immediately doubled. It subsequently acquired other portfolios as other insurance companies left Jamaica. The merger also included portfolios in Barbados and Trinidad and Tobago and wherever Standard Life had business in the Caribbean.

Mutual Life had strong roots in Trinidad describe its activities there?

The merger with Standard Life provided Mutual with a strong footing in Trinidad as Standard had a strong portfolio there. In fact up to the merger Standards Caribbean office was located in Trinidad and the Jamaican office used to report to that office. Albeit the Jamaican portfolio was larger.

Mutual had a full sales and administration branch there until nationalization policies in the early

1980è created Guardian Life of the Carbine; initially Mutual Life owned 49% and so was still a force to be reckoned with.

To what extent could Guardian Life be said to represent the legacy of Jamaica Mutual Life?

In the late 1970's it became Mandatory for all Insurance Companies to become localized and in 1980 Guardian Life of the Caribbean was established to acquire the Life Insurance Portfolio of Jamaica Mutual Life Trinidad. Guardian Life of the Caribbean itself went on to acquire other insurances business including Crown Life Insurance Company. The acquisition of Jamaica Mutual and other Jamaican insurance company is a bit ironic as the parent had a child that subsequently acquired the parent. But that's business.

What were some of Mutual Life's greatest accomplishments, how did it impact the economy ?

Jamaica Mutual always saw itself as an integral part of the fabric of the Jamaica and the Caribbean - both Governments and people and its actions were always aimed at the benefiting the country e.g.

- Education – Recognizing the challenge in mathematics education and so preparing and distributing maths tutorials on C. D distributing them to schools.
 - Awarding Tertiary level full scholarship to staff.
- Economy - - Supporting the Government in its Financial Crisis by Purchasing a building in New York from the Government at great financial cost-in order shore up the Government's Foreign Exchange Reserves.
- Health – Assisting Parents, children with HIV-AIDs building a ward at U.H.W.I.
 - A member of UHWI century club of major donors to the University.
- Housing- Development - Dun robin Acres Housing Schemes .
 - Buying houses in various Schemes to assist staff to own houses.
- Sports- Mutual Life Games that brought to Jamaica , international

athletic stars to compete against local talent and bring world class sports to Jamaican Spectators.

- Culture- Opened the Mutual Life Gallery to showcase Jamaica Art.
- Music- Promoted Jamaican Jazz through a series of Concerts in the Basement of the Mutual Life Building.
- Expanded the Branch network in Rural Jamaica to take Insurance across the Island with Branches in Montego Bay, Mandeville Sav La Mar and Ocho Rios
- Agriculture Joint ventures in partners through Investment in a Banana farm
- Co-sponsored cane cutters competition.

Banking: bought Royal Bank

Tourism: owned Boscobel Terra Nova, co-owned Grand Lido, Hedonism II and Trelawney Beach

Furniture: Co owned Furniture Company that exported high end furniture

Commercial buildings built Red Hills Mall, Pavilion Mal I, Mini warehouses to assist small business, the Atrium on Trafalgar Road.

Contribution, to the economy:

- Employed (directly) hundreds of (800 to 1000)persons in sales, administration and support staff
- Employed mostly local staff.
- Bought local uniforms for staff.
- Salaries from direct and indirect staff had a multiplier effect of these salaries spent boosted economy significantly.
- Managed large sums for pension plans thereby providing investible funds for national development.
- Overseas investment produced foreign exchange income to the country
- Participation in the non-financial sector created jobs and exposure for Jamaica to international investors and tourists- in tourism and agriculture.
- Contributed Foreign Exchange to the Jamaica Government Reserves by purchasing Government – owned Real Estate in United States and United Kingdom.

Affordable Life Insurance to enable policyholders and provide for final expenses estimate retirement income.

- Introduced first Equity Linked Policy to the industry Blue Chip Fund.
- Mutual Life's Merger with Standard Life made it the largest life insurance in the Caribbean in 1971.

Mutual Life was more than a business but in fact was a great corporate citizen what were some of the significant things that Mutual Life did in the wider community?

- 1) Bought Royal Bank which became Mutual Security Bank
- 2) Sponsored Mutual Games that had international participants
- 3) Built first indoor Mall- Red Hills Mall, also later the Pavilion Mall.
- 4) Atrium, Head Office for the NCB Group at Trafalgar Road
- 5) Owned Boscobel and Terra Nova Hotel, Co-owned Grand Lido and Hedonism 2, hotels.
- 6) Built Housing Developments at Dunrobin Acres, Carriage House, Hanning Mews .
- 7) Led the acquisition of the NCB Group by Mutual Life , Mutual Security Bank and Jamaica National to create at the time the most powerful Financial Group in Jamaica.
- 8) Played a critical role in the development of the Jamaica Stock Market by being a major holder publicly traded stocks directly and through its equity linked Insurance policies , the Blue Chip and the Mutual Growth, the latter tied to the Capital Growth Fund. Jamaica Mutual also had a major interest in Edward Gayle Ltd , a leading Stock Broker at the time.(Now NCB Capital Markets Ltd)

What in your judgment contributed to Mutual Life's demise?

An economy that was in recession and cost of capital became so high that it was forced in borrowing/ using long term assets and funds for short term projects e.g. Building the Towers (Oxford and Old Hope Road). Led to a massive mismatch in Assets and liability.

- Cost of capital in a depressed economy at a time that it had started by construction project- (the Towers)
- Inflation rate that skyrocketed from 40% to 80% over a five year period and a Government policy regime of high interest encouraging policyholders to take cash from policies to invest in short-term investments elsewhere. Mutual reacted by offering high interest rates on new policies, which meant that

we developed a serious mismatch of assets, having short term funds to support long term liabilities.

- Over-estimating the future growth in the economy
- Too much confidence reliance on the future of real estate as an investment instrument.
- The projection of disposable income to purchase insurance
- The stability of J\$ to US\$
- Imprudent decisions investments (construction)
- Buying spree

What are the memories you have of your time at Mutual Life that still stays with you?

Family- oriented environment; a company that generally cared for its staff as humans not as a piece resource equipment, that Human Resource was its best asset.

Mutual Life became a casualty of the government regime of high interest rates and resulting high inflation rate over a 5 to 10 year period that saw inflation rate going from approximately 40% to 80%, Mutual Life like other large companies in the financial sector found itself in a serious bind of mis-match of assets .The big three, NCB ,LOJ and JMLAS were in financial quick-sand and needed huge cash injection to stay alive. Here entered FINSAC the agency. established by Government .to ameliorate the crisis but two companies are saved and one dies. It is alleged that Dr. FINSAC did not treat all patients equally - that Dr. FINSAC played favourites and the company that was owned by the policy holders and not shareholders died; ultimately from lack of life saving medicine. Some us were and some still sad and hurt that JMLAS, a company that had gone to the Goy-county aid in past was left to die like an old thorough bred which had served Massa in the past but was no longer seen as viable. Jamaica Mutual life is gone but not forgotten.



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IAJ TRIBUTE TO The Late CHARLES LEVY

**(General Insurance facts
submitted by Errol Ziadie)**



The history of the General Insurance Industry in Jamaica is very similar to that of many of the other industries here in the Island.

Remembering that we only became independent in 1962, being a Colony of Great Britain, a lot of operations across the spectrum of businesses were owned & operated by foreign entities, mostly British. The Sugar Industry, the Bauxite industry, the Government offices & Departments, the Railway Corporation, the Banking Industry, to name a few, we're all operated, managed & run by the British & treated as agencies, subsidiaries etc.

The Insurance Industry was no different. All of the Companies here were agencies of British Companies until the late 1950's and early 1960's. During that period a few local companies emerged such as Insurance Company of Ja., Jamaica Co-Operative etc., but by independence & shortly thereafter, all these agencies began transforming themselves into locally owned, capitalized & operated as Jamaican Companies with Jamaican management.

One such company was Jamaica General Insurance Company Ltd., a company formed out of the Agency representing Norwich Union of the UK. & owned by the Partners of the Legal firm Livingston, Alexander & Levy one of whom was Aston Levy, the father of Charles Levy.

Charles had been a law student attached to LA & L & so when Jamaica General was formed it was a natural for Charles to join the Company and within a few years took over the management from Mr. Erald Shilletto as the General Manager & later as Managing Director.

In this transitional period of the Industry moving from Agencies to local companies, many & soon to be all

of their management were taken over by Jamaicans & included in that takeover were the Associations attached thereto such as the Jamaica Insurance Advisory Council of which Jamaica General & by extension Charles Levy was a founding member & subsequently Chairman of the Association.

Charles was a true stalwart of this local insurance industry & as Managing Director of Jamaica General for over 30 years, his contribution by association & in many cases leadership was invaluable to its growth & professionalism.

In the late 1980's early 90's, a new association was formed, namely Jamaica Association of General Insurance Companies (JAGIC), which led the General Insurance industry through the discussions & enactment of the Insurance Act a law passed by Government to govern the entire insurance industry. Charles played an invaluable role in this transition, with his experience, insurance knowledge & business operational skills & was very instrumental in helping the Association work with the Government to successfully pass the "Act", under which the "Industry" is now governed & operates.

He was a very intelligent man & a mentor to many in the Industry including his 2 sons Andrew & Peter, both of whom under his mentorship & guidance became in their own right Managing Directors of 2 large general insurance companies in Jamaica.





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GETTING ACQUAINTED WITH PERSONAL ACCIDENT INSURANCE



By
CARLTON RAYMOND, JP, CLU, FLMI, ACS
Director of H.R., Training & Agencies
Caribbean Assurance Brokers Limited

BENEFITS

The policy normally includes one or more of the following benefits and coverage is usually offered both locally and overseas.

1. Accidental Death provides a lump sum benefit provided such death takes place within 365 days of sustaining injury.
2. Accidental Dismemberment or permanent disablement will pay a percentage of the principal sum under the policy if the loss is sustained within 365 days of the occurrence
3. Permanent Total Disablement compensates for permanent loss of income and pays a benefit equivalent to the sum insured.
4. Temporary Total or Partial Disablement will pay for short term loss of income for a period of up to two years and some insurers will replace this income for loss caused by both accident or illness.
5. Medical Reimbursement is also a benefit to be derived and involves the payment for eligible expenses attributable to an injury.
6. Hospital confinement benefit covers time spent in a hospital and pays a daily sum stipulated in the policy.

DEFINITION

Personal accident insurance as the term indicates, provides insurance protection for persons sustaining bodily injury which results in death, temporary or permanent disability and hospital confinement with compensation in the form of a fixed benefit or of an indemnity nature. Accident in this context includes the definition of unforeseen and unintended but as it relates to the person it must be occasioned by a violent, external and visible means. The reimbursement of medical expenses as well as the replacement of loss income occasioned by such injuries are also available under a policy of this nature. The policy is marketed under the Accident class of insurance by a general company while it is referred to Sickness & Health under a life insurance company. It is generally accepted that where the policy contains a sickness component, it can only be sold by a life or health company.

MARKETING

Personal Accident insurance can be sold as a group policy or as an individual stand-alone product and in many instances as a rider to a base policy.

1. A group policy is generally sold to a company to cover its employees and this product constitute the bulk of disability insurance sold in Jamaica. Other group products can include those sold to

schools, churches, associations and sporting institutions. These products require minimal underwriting and in some cases are sold on a mass marketing basis.

2. Individual products would obviously be policies individually underwritten requiring more personal information.
3. Riders are currently sold as an attachment to an individual life insurance policy or on a home owner's policy. It is also becoming the practice of general companies and brokers to attached what is popularly known as an auto rider to the motor vehicle insurance on the premise that the drivers of motor vehicles are not normally covered under the standard motor insurance policy.

EXCLUSIONS

Like all contracts of insurance, there are circumstances under which benefits are not paid and these are outline below;

1. Suicide and injuries caused from self-infliction
2. Commission of a felony
3. Active participation in strikes riots or civil commission
4. Being under the influence of alcohol or narcotic drugs
5. Cosmetic surgery resulting from an injury
6. Riding in a vehicle engaged in racing
7. Inhalation of gas or taking of poison

8. Flying none commercially without the granting of an extension
9. Diseases of any kind where the policy is an accident contract only

CLAIMS

The claims process is simple and would require certain documentation depending on the specific benefit. All claims must be accompanied by a claim form and a physician statement. A death or dismemberment claim however would require a police report as well as a post mortem in the case of death. Replacement of income requires an employer's statement to verify absence from work, while it is important to supply original receipts to claim on the medical expense benefit. the insurer always reserves the right to request any addition information to assist in the adjudication of claims.

CONCLUSION

It is the general view that the personal accident insurance market is under-served and there is tremendous opportunity for such a product to gain wide acceptance especially in the motor market. There is also an opportunity for companies to offer a wider suite of individual products given that a large section of our working population is not part of a formal employee employer group. It is hoped that the forgoing information will stimulate a wider acceptance of the product.

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MINISTRY OF
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GREEN PAPER ON NATIONAL HEALTH INSURANCE PLAN FOR JAMAICA

Excerpts from the Ministry of Health and Wellness Green Paper on National Health Insurance Plan for Jamaica

FOREWORD

Every Government is challenged to finance their public health care system at a level that will guarantee the provision of adequate and effective services. It is therefore important that mechanisms are developed that will reduce the burden of financing borne by the State and individual health seekers.

Since the health financing reform initiated in 2008 with the no user fee policy in public facilities the government is now seeking to introduce its most transformative reform, the National Health Insurance Plan (NHIP) to increase overall resources for the health sector; increase efficiency in the use of available resources; promote sustainable health care financing; and improve the quality and coverage of health services.

NHIP is the strategy for the country's roll out of its Universal Health agenda. We accept that the NHIP is not the total answer for UH but it does advance our progress towards that goal. The NHIP proposal has three central components: focus on funding through pooling of funds, a membership guarantee and entitlement modality, and definition of a basket of services. The equity proposition is also clear where the poor will receive as much as the rich while the needy will receive much more than they can afford to contribute.

The key to UH coverage is the pooling of public and private resources, service provision in public and private facilities and, with a reciprocal commitment between management and membership for accountability and responsiveness.

We encourage everyone to provide the feedback on this Green Paper with the end result that a programme is implemented with an effective and

INTRODUCTION

The health of our nation reflects the level of social and economic development, the choices made by Government and the people to promote and protect health, to manage illness and specific health problems, and to respond adequately to public health emergencies. We have achieved many milestones in health, yet, our central challenge today, is how to ensure that all Jamaicans, regardless of their socio-economic condition, age, and sex, be empowered to achieve their fullest potential in health, leaving no one behind. As a Nation, we have bold decisions and choices to make to respond to the current health needs and safeguard future generations; we need a new paradigm to transform health and health care delivery.

2.1 BACKGROUND

Universal Health imply that all people and communities have access, without any kind of discrimination, to comprehensive, appropriate and timely, quality health services determined at the national level according to needs, as well as access to safe, effective, and affordable quality medicines, while ensuring that the use of such services does not expose users to financial difficulties, especially groups in conditions of vulnerability.

The drive to Universal Health is a globally recognized goal. Jamaica has been on this quest since the 1970s and has removed out of pocket payment for the population to allow

greater access to health care facilities. The establishment of the National Health Fund (NHF) in 2003, which provides social protection for persons with specified chronic conditions by way

of a subsidy for medication, was another step taken to improve access to health care. The Government of Jamaica in 2016 as a policy objective mandated the Ministry of Health & Wellness to explore the possibility of establishing a National Health Insurance Plan (NHIP).

National Health Insurance (NHI) first appeared on the national agenda in the 1930's during the deliberations of the United Kingdom (UK) - commissioned team on the social riots and protests in Caribbean countries including Jamaica (Table 2.1 below). Since then, NHI has been on and off the agenda of different governments with the 1997 Green Paper on NHI and subsequent NHF legislation representing the most advanced stage reached in the process of development and implementation of NHI plans

2.2 PURPOSE.

The aim of the NHIP will be to provide appropriate levels of access, coverage and financial protection to the population. For consumers and providers of services, the real value of a health insurance plan lies in assurance. For the former, there is assurance that income levels at the time of illness will not hinder access to care; for the latter, there is assurance that money spent in providing care will be reimbursed so that service levels and investments can be sustained.

2.3 BENEFITS OF ANHIP

In the health sector, national health insurance reforms perform three critical functions:

The NHIP financing recommendations have been designed to fit within the Jamaican strategy to “introduce a programme for sustainable financing of health care” from National Outcome #1 (A Healthy and Stable Population) under Goal 1 (Jamaicans are empowered to achieve their fullest potential) of the Vision 2030: National Development Plan.

There are nine foundational elements that guide the NHIP:

It is a risk-pooling mechanism offering financial protection against the unpredictable burden of illness so that those needing care can have ready access to services.

It is a payment mechanism offering providers of health services prompt and regular reimbursements.

It is a database providing planners and policymakers with valuable information on patterns of disease, utilisation of services, health expenditure and patient preferences (choices).





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Interview

With

Professor Michael Taylor

On

Climate Change

Climate Change is quite topical and is evoking intellectual, economics and environmental concerns in various parts of the world including Jamaica and the Caribbean in general. IAJ's Executive Director Orville Johnson, OD, conducted an interview with Professor Michael Taylor, Dean of the Faculty of Science & Technology at the University of the West Indies, Mona, Jamaica to elicit his views on Climate Change and possible solutions.



Prof. Michael Taylor

We loosely speak about climate change these days, but from a scientific point of view what is climate change?

Climate change can best be described as long-term changes in the elements we use to measure climate such as rainfall, temperature and wind speeds. Weather refers to short term changes in the same elements such as changes that occur over the next 5 days or so. Climate Change is therefore, the average change in measures of climate over long periods of time.

A number of things can cause the climate to change. These include natural variations such as those that produced the Great Ice-age, or there can be climate changes such as those caused by volcanic eruptions that spew particles in the atmosphere which in turn alter the amount of solar radiation reaching the earth.

However, the kind of climate change that is presently being discussed in public, are changes that occur as a result of human activities.

How do human beings contribute to climate change?

The period of Industrialization in the 1900's brought with it the burning of fossil fuels by engines of all types which substantially increased the amount of

Carbon Dioxide in the atmosphere. The rearing of animals for food also contributes as they produce methane gas as a natural part of their activities.

What is the “greenhouse” effect and how does it affect climate change?

The root of climate change is the “greenhouse effect” which is caused by the emission of carbon dioxide, water vapour and to a lesser extent the Methane in the air. These gases trap the heat from the earth preventing it from escaping in the atmosphere creating the same effect the glass does in a greenhouse. Presently we are feeling the effects of the average temperature from the beginning of the century rising by one degree and the predictions are that if we continue at this rate it will increase by 3-4 degrees by the end of the century.

As a result of this we have Global warming. Already we have hotter days and nights and longer droughts and more intense and frequent flooding. For example, recently we have experienced more intense hurricanes where in 2017 there were three category 5 hurricanes within a 3 week period.

What are the negative sides of climate change and are there any positives to be derived from it?

Climate change introduces a kind of unpredictability which presents a challenge to our way of life and our quality of life.

For example, it affects the economy such as the agricultural sector due to droughts and floods, it also has an impact on the availability of water so critical for plants. It also has affects our health especially the negative effects from mosquito-borne diseases.

On the positive side, it creates opportunities to deal with its challenges. It forces us to innovate to deal with heat such as via the development of cooling systems, or to pursue a sustainable water supply through water harvesting and to implement renewal energy solutions to reduce the consumption of fossil fuels. For instance, I live in a house with a slab roof which while it is good to deal with hurricanes it absorbs the heat from the sun, trapping it inside making the house hot. I had to paint the roof white to reflect some of the heat.

What are its effects on Jamaica?

The impact on islands like Jamaica is significant as we are all coastal islands, and have nowhere to retreat to as they can in the United States when a hurricane is coming, where they can go to another state or far inland. We are therefore directly exposed to the winds and rains and the flooding. We are vulnerable as well to sea levels rising and the erosion of beaches, e.g. as we have observed at the Helshire and Alligator Pond Beaches and the destruction of coral reefs. All this along while having to deal with the increase in the intensity of hurricanes.

Climate change also negatively impacts the economy as well as the health of the nation as it brings with it an increase in mosquito-borne diseases such as Dengue, Zika and Chickgunya.

Solutions

What are we doing to mitigate its impact in Jamaica?

We are replacing the use of heavy oils with natural gas which produces fewer greenhouse gases. There is now a focus on the increasing use of renewables through the use of solar and wind to produce more of our energy. The Government has

set ambitious targets for more renewals in its energy mix.

What more should we do?

The preservation of our forests, the growing of more trees planning for more green areas in cities, more efficient waste- management, converting waste to energy and recycling.

We could focus more on our cooling systems to counter the heat. There is also the potential for lifestyle choices, for example, more persons could adopt a vegetarian lifestyle which will help to provide more plants to absorb CO₂ as well as reduce the impact of producing meat which adds to Global warning . Increased irrigation and better drainage are also important. Water harvesting practices should be encouraged.

What is the role of the Government in leading climate change mitigation and what are some of the specific steps being taken so far?

The government should develop an overall all-embracing strategy to deal with those most vulnerable to climate change - the poor, children, the elderly, persons who walk or who work in the sun. Attention must also be paid to those in Inner City Communities and those who live in houses with zinc roofs and areas which are flood-prone.

What more needs to be done?

Roadways should be designed to handle the greater volume of water which has resulted from climate change. More water needs to be harvested. We should explore the use of electric vehicles for the future.

What can the private sector especially the Insurance Industry do to reduce the impact of climate change?

Give discounts to policyholders who have buildings, businesses and vehicles which support climate change resilience e.g. painting roofs white, installing solar panels, putting in gutters to capture and store water. Put money in research by Universities like ours that provide innovative solutions to climate change through research. Also do more with Public Education.

What are the top three things we should be focusing on how to slow climate change?

The focus should be water conversation and management, cooling systems to reduce the impact of the heat and the aspects of climate change that affect health such as vector-borne diseases coming from mosquitoes such as Zika, Dengue and Chickgunya.

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Safe Operation of Large Vehicles on Jamaica Roads

by Alphonso Grennell

Economic

Large trucks play a critical role in the nation's economy, and their numbers are likely to increase dramatically in the upcoming years. In Jamaica, more and more gas stations are being built across the length and breadth of the island. This will mean that more gas tankers (trucks and trailers) will be on our road ways. There has been steady growth in the building and construction industries in every area of the country; which has resulted in large trucks and trailers transporting cement, building blocks, sand, steels, and other building material from Morant to Negril point. We also have the goods and market trucks to contend with in daily traffic. There are also the trucks that traverse Mount Rossa transporting bauxite at an unsafe speed while going around the corners.



The need to safely share the road with large vehicle has never been greater. I am becoming increasingly concerned about the number of trucks and other large vehicles that are involved in crashes causing serious damages, injuries and fatalities.

All well thinking road and traffic safety personnel must be concerned to the point of action. I call on all the relevant stake holders to unite in an effort to turn things around for good; that is, to make our road safer for all road users.

Sharing the road safely with larger vehicles means recognizing the differences between your vehicle and theirs. Larger vehicles have larger blind spots and need more time and space to accelerate, stop and turn. Show courtesy around larger vehicles; help them to see you.

Blind spots

Did you know that one-third of all crashes between large vehicle and other vehicles happen in the large vehicle's blind spots? Blind spots are areas all around a truck where crashes with other vehicles are more likely to occur. This is because the truck driver can't see your vehicle.



Be extra careful when driving around Trailers. Keep in mind: the larger the vehicle, the bigger the blind spots. If you are driving behind a large truck and can't see both outside mirrors on the truck, the truck driver can't see you; that is, you are driving in the truck driver's blind spot. Another word of caution: When passing a larger vehicle, don't cut back in without first being able to see the front tires of the truck on the pavement in your inside rearview mirror.

Turning

Larger vehicles also need more room to make turns. Therefore to avoid a collision with a large truck or trailer at an intersection controlled by traffic lights, stop so that the front of your vehicle is behind the stop. It is important that the truck driver avoid palming the steering wheel, but rather firmly grip the steering wheel while making the turn. If the large vehicle is signaling a left turn, stay behind it, away from the curbside, until the turn is completed.

Stopping Distance

The larger the vehicle and the higher the speed, the longer the time and distance needed for it to stop. For example, at 80 Km p h it takes a car almost 335 feet (102 m) to stop. How long does it take a truck traveling at 80 Km p h to stop? It will take the larger vehicle (truck or Trailer) about 466 feet (142m) to stop. That is, 131 feet or 40 m more distance than the car.

Therefore, if you are being tailgated by a larger vehicle, you **must** increase the following distance between your vehicle and the vehicle in front of your vehicle. The minimum following distance is 3

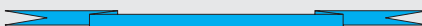
seconds under ideal driving conditions. Therefore if a truck is tailgating, the following distance between your vehicle and the vehicle in front must be a minimum of 5 seconds. Why increase the following distance? If the vehicle in front stops suddenly, you will be able to stop gradually to avoid the truck crashing in the rear of your vehicle.

Special Note to Truck Drivers

- Ensure you enter and exit the truck using the three points of contact method, in order to avoid falls and injuries from being tripped.
- Ensure that you walk around parked truck before you attempt to reverse or drive forward in order to avoid crashing into objects or people in the truck's large blind spots.
- Ensure that you select lower gears early when negotiating corners, as well as ascending and descending hills.
- Remember that trucks take much longer to stop than cars and motorcycles; therefore, it is essential that you start slowing down immediately a traffic hazard is recognized.
- Ensure that you check and double check your blind spots before changing lanes or merging after overtaking another vehicle.
- Avoid the **myth** that Guinness (alcoholic drink) and Marijuana (ganja) make a truck driver see the road better and thereby making the driver safer.

Conclusion

Some large vehicle operators use the size of their vehicles to intimidate drivers of small vehicles. This type of driver attitude and behaviour are not defensive, but rather aggressive and unsafe and could lead to road rage. No wonder a lot of female drivers and even some male drivers become nervous and uncomfortable when large vehicles are driving behind them with the engine brake engaged (especially when going down a hill). Companies with a fleet of tankers and/or other large vehicles should ensure that their drivers are trained in **Defensive Driving**. Also, have drivers assessed, if you are in doubt of their driving attitudes and competencies.





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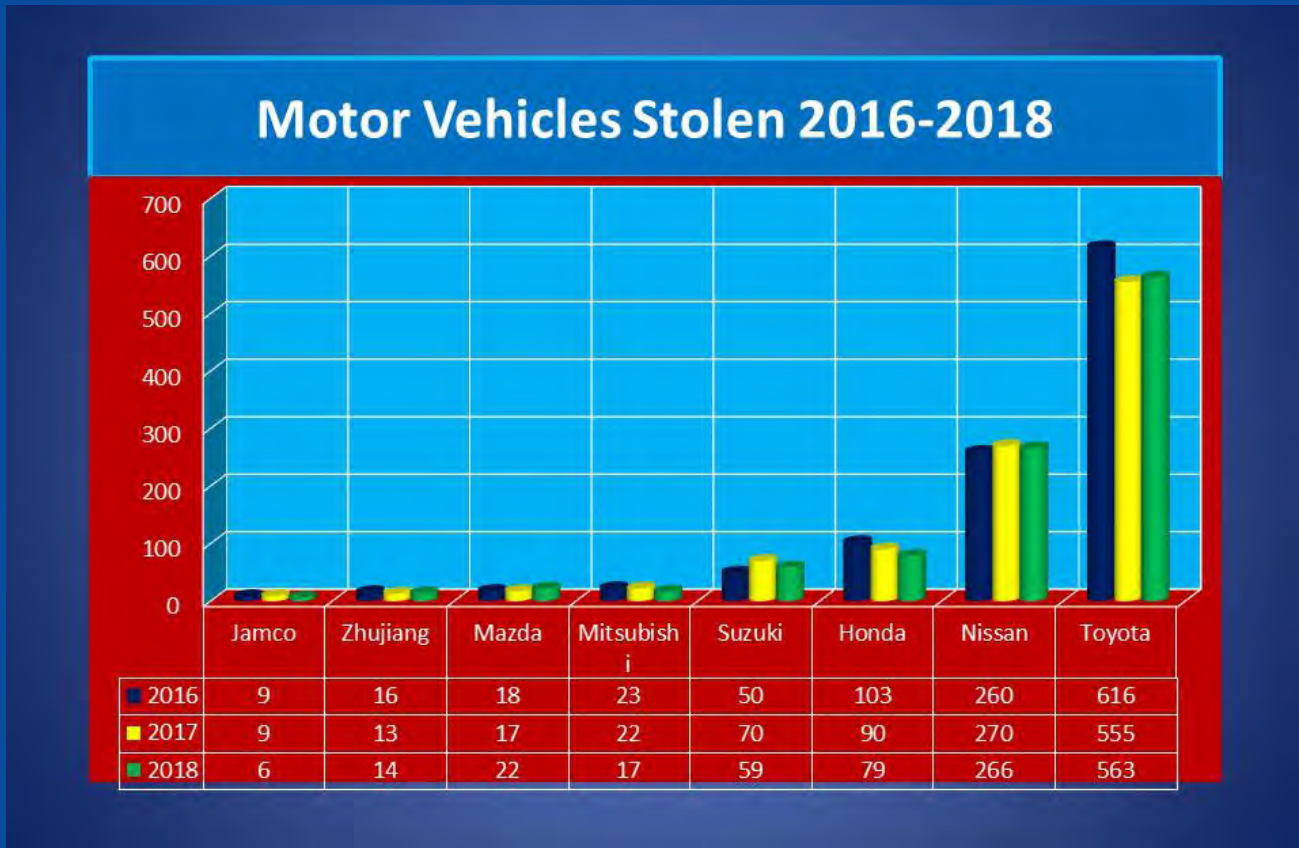


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How to Protect Your Car

In many cases, keeping your car safe is as easy as making sure the doors are locked. Here are some things to remember before you exit your car:

- Lock the doors and close the windows - On hot summer days, you might be tempted to leave car windows open to keep the interior cool. Or maybe you just need to step inside somewhere for a quick minute. No matter the reason or location, be sure to lock your car and roll up the windows.
- Don't leave your car running - You shouldn't heat up or cool down your car while you're not in it, unless you have factory-installed remote start. Leaving your car unattended while it's running makes it an easy target that can be hard for an opportunist to refuse. Plus, you can be held liable if your car gets stolen while running unattended.
- Park smart - Look for parking spaces that are well-lit and in secured or monitored parking lots, especially at night. If you can, park closer to doors

where a steady flow of people is more likely. Parking garages can be a secure place to park but may be riskier to personal safety. Look for spaces that are closer to security cameras or attendants.

- Keep track of spare keys - Don't hide spare keys in obvious spaces like under the front mat or stashed in a potted plant. If one of these keys goes missing suddenly, your car might be next.
- Don't leave valuables in plain sight - Actually, don't leave valuables in your car at all. Shopping bags, purses, headphones, or even loose change may be enough for a passing thief to break in, and some might take the next step and steal your car. Hiding valuables in the trunk or glovebox keeps them out of sight, but a thief may be watching from a distance.
- Consider home security - Security cameras pointed at your driveway can make a potential thief think twice about stealing your car; plus they provide protection for your home.

MOTOR VEHICLES STOLEN 2016-2018

Decrease in Thefts in 2018

Despite the huge increase of motor vehicles on our roads, the number of thefts, 1,069 for 2018 was 96 below 1,165 stolen in 2017. The highest level of theft was Toyota vehicles which had a decline of 43 from 606 in 2017 to 563 for 2018.

Honda which experienced thefts of 103 in 2017 was just 79 in 2018; a drop of 24, while Nissan which had 279 in 2017 dropped by 13 to 266 in 2018. Suzuki also decreased by 12 from 71 in 2017 to 59 for 2018.

Highest Thefts

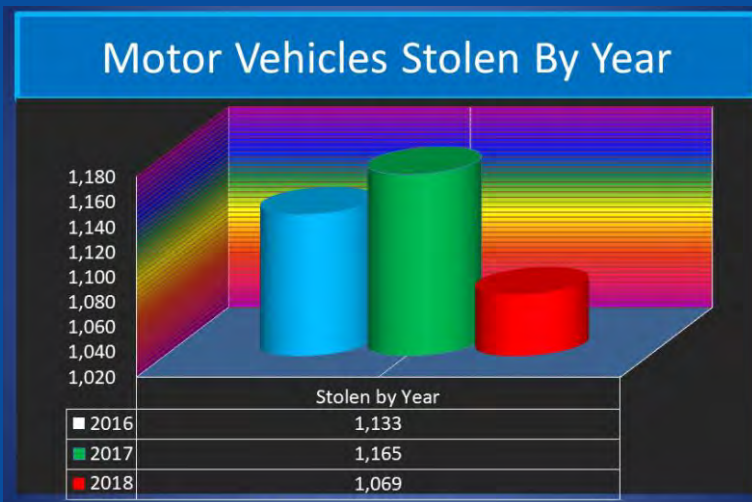
The highest level of thefts still exists with Toyota vehicles followed by Nissan. High end vehicles such as BMW, Mercedes Benz and Porsche had no thefts in 2018. Also experiencing very little thefts were vehicles usually considered to have low resale values.

Significant Increases

Some of the vehicles that had significant increases in theft were: Volkswagen from 0 in 2017 to 4 in 2018, Eagle from 1 in 2017 to 4 in 2018, Hyundai from 1 in 2017 to 3 in 2018 and Subaru from 6 in 2017 to 8 in 2018.

Precaution being exercised

Overall, motorists seem to be taking more precaution regarding vehicle thefts. This is very important because in many instances valuable and important documents and other items are contained in vehicles.





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