

**Address by Mr. Angus Smith, Executive Director of GARFIN  
at the Official Congress Launch of the  
Caribbean Association of Insurance and Financial Advisors  
Grenada Trade Center Annex - February 24, 2011**

Thank you Mr. Chairman, Salutations, Ladies and Gentlemen

I would like to first of all apologize for the absence of the Hon. Minister of Finance, Mr. Nazim Burke, who was originally scheduled to deliver this address here today. The Minister, as we all know is extremely busy, and while he would have liked to be here today he had another engagement and sends his regrets. He also sends his best wishes for a successful launch and for a successful Caribbean Association of Insurance and Financial Advisors Congress in May. I believe that this will be the third time that Grenada will be hosting this Congress and the local Association of Insurance and Financial Advisers, must be commended for their efforts to be awarded the 2011 Congress and for their efforts to date in organizing this official launch and the Congress itself as a whole. Regional meetings such as this help to show case the country and bring some economic activity to the local hotel and service sectors. I hope that some of the attendees in May will be encouraged to return for a longer period on holiday to enjoy our Grenadian hospitality.

Ladies and Gentlemen, we are going through some very turbulent economic times today in Grenada and throughout most of the world. Just as we thought that the Economic recovery would pick up steam internationally, and affect us positively, we start seeing disturbing signs like rising oil prices, which is pushing up local fuel costs to record levels, we start seeing rising food prices globally and the consequent impact on our imports and we see turmoil in several middle east countries. Tunisia, Egypt, Libya, Bahrain among others. And there is the political turmoil in the Ivory Coast. We also are hearing of financial problems in other European countries such as Portugal which is following from the bail outs of Greece and Ireland. These are disturbing signs for us as all of these events would naturally affect small states such as Grenada in different ways, whether it be through inflationary pressures or lack of attention from the global economies or a change in policies when Governments change. The whole world has become such a big, global village that events in one region can impact other regions, negatively or positively as the case may be.

Given this scenario it is important that we in the Caribbean seek to develop and build our own, strong regional organizations. Organizations which help to bring our people together, organizations which strengthen and develop our financial sectors, organizations which promote good corporate governance and organizations which operate at the highest

standards. Your letter of invitation to this launch indicated that your annual conferences are “aimed at educating, motivating and challenging attendees to pursue excellence” This is indeed a noble objective since we must aim for high standards, particularly in financial sector organizations. It is only by aiming for, achieving, and maintaining high standards can we be assured of success in our organizations. The Caribbean Association of Insurance and Financial Advisors, which was formed over 30 years ago, has brought together life underwriters and financial advisers throughout the region in a quest for excellence. Your mission statement speaks to the fostering of cooperation, interaction, togetherness and unity among members through educational courses, annual congresses, meetings and programmes. With these objectives CARAIFA has undoubtedly played its role in the last 30 years in the development of the insurance and financial sector in the region by raising standards, promoting education and fostering regional unity. CARAIFA must have helped to shape the careers of many of our life underwriters in the region today.

CARAIFA is now a well established, regional organization and it must be commended for the work done over the years in bringing the region together. At the same time I would encourage CARAIFA to increase its efforts at the training and education of its members for it is through training that the excellence which is aimed for can be consistently

attained and maintained. I would also encourage CARAIFA, if it is not doing so already, to consider the training needs of its customers in the area of understanding what insurance is and how it works. Consumer education is very important since a well informed customer is more likely to make a well informed decision and ultimately be a more happy and satisfied customer.

Ladies and Gentlemen the financial sector in Europe and North America has taken a battering over the last three years. In fact it was the so called “sub-prime mortgages” granted by US banks which started the crisis in the banking sector in the first place and this in turn led to the wider economic crisis. We in the region, and Grenada, also had our fair share of problems in the financial sector with the demise of the CL Financial Group in Trinidad and its insurance subsidiaries throughout the region being our biggest challenge. Even though events are still unfolding in this area, Governments in the region (and indeed throughout the world) moved swiftly to strengthen the one area which could make such events more difficult to reoccur. i.e. tighter regulation. Today we find new regulatory frameworks being created in all the OECS islands. In many cases these involve new statutory bodies with greater levels of autonomy, greater powers of supervision and sanctions which are a lot more proportionate and dissuasive. New financial legislation covering insurance companies, cooperatives and money service businesses among

others are being enacted as much of the existing legislation was old and outdated. In some cases existing legislation was over 35 years old. Extensive training is taking place for the regulatory staff in the new bodies as regulators seek to keep current and abreast of modern practices. New standards of reporting to enable off-site supervision to be carried out and commencement of on-site examinations has taken place. These are significant efforts and are all designed to ensure that our local and regional financial institutions are safer and stronger than before. These efforts are designed to ensure that consumers can feel confident that when they invest their money it would be safe and secure or the risks they are protecting would indeed be protected. GARFIN has been at the forefront of many of these changes in the OECS being the first of the newly created statutory bodies to get up and running. These changes have all put additional responsibilities on the entities being supervised. No longer can we continue to flout the laws or standard best practices and assume that all was well because we have never had a problem before. Steps had to be taken to ensure that the risk of a financial institution having a problem was minimized and if it did indeed have a problem its investors and customers would be sufficiently protected.

Hence the new legislation with its stiffer penalties and sanctions and hence the new regulatory authorities with their better trained and

professional staff. Grenada was in desperate need of these changes given the problems it has had with failed financial institutions over the years. But change does not always come easy or in some cases quickly enough. Old practices and habits die hard and a shift in ones cultural thinking often takes time. I am however satisfied to say that the institutions supervised by GARFIN are, by and large, making that cultural shift. That shift towards greater compliance with the relevant legislation. That shift towards higher and safer standards of operation and that shift towards better corporate governance and responsibility.

As players in the financial sector, life underwriters also must raise their standards. The quality and level of advice given must reflect the modern consumer and as I mentioned earlier consideration should be given to the idea of more consumer education. GARFIN hopes, as part of its enhanced level of supervision, to work more closely in the coming months, with the insurance intermediaries - agents, brokers sales representatives and adjusters, to ensure that standards are developed. Insurance intermediaries must be subject to basic supervisory criteria such as fit and proper, training, reporting and transparency. The question of legal status, professional indemnity, continuing education and financial soundness need to be addressed. This would obviously require consultation with all intermediaries but it is essential that all players in the financial sector be developed to achieve that greater level of

financial stability which we all aim for. Your local association would undoubtedly have a role to play and I am sure that we will get the support needed to raise the standards when the time comes.

Ladies and Gentlemen

As your 2011 Annual Congress comes to Grenada I want to wish CARAIFA and the local Association a successful meeting. Your Congress theme of “Legacy of Love” speaks to love being the bedrock of interpersonal relationship and love promoting goodwill among men and nations. It speaks of tangible expressions of love such as a bread winner making adequate provision to ensure the survival of the family in the event of his or her premature demise. Your Congress theme is intended to speak not only to the insurance fraternity but to the general public which again will help to bring unity to our peoples and our islands. It is a theme which you indicated would “stimulate and promote goodwill among men, family, even nations.” What the world probably needs now is much more of such a legacy of love. Your Congress in Grenada, in May, would undoubtedly be playing its role in promoting this legacy even as you seek to share knowledge and experience among your members.

In closing I want to wish you once again a very successful 2011 Congress. I hope all your objectives are achieved including that of bringing the region closer together and creating a culture of excellence. I wish you all the very best and I formally declare the launch of the Caribbean Association of Insurance and Financial Advisers 2011 Congress under the theme “Legacy of Love.”

I thank you.