



NEWS RELEASE

New Insurance Act to Enhance Financial Protection in Belize

Belmopan, Belize, October 5: In a move towards modernizing and enhancing financial protection, Belize has introduced a New Insurance Act, which came into effect on October 1, 2023. This landmark legislation replaces the previous Insurance Act and the International Insurance Act.

The New Insurance Act represents an important moment in Belize's regulatory framework for insurance, merging the Insurance Act and the International Insurance Act into a comprehensive and forward-thinking legal framework that is designed to serve the interests of both the Belizean population and the international insurance industry.

Some of the key highlights of the New Insurance Act include:

- **Introduction of Micro Insurance:** One of the most noteworthy introductions under the New Insurance Act is the inclusion of micro insurance. This innovative addition bridges the protection gap and offers a vital disaster risk financing tool, particularly benefiting the low-income productive sector. It addresses the challenges faced by those who were previously unable to obtain insurance due to high rates in the commercial market or the unavailability of adequate insurance coverage.
- **Transition to a Risk-Based Framework:** The new Insurance Act represents a significant shift from a rules-based framework to a risk-based approach in insurance supervision. The rule-based approach requires compliance with rules irrespective of the underlying risk. The risk-based approach is more flexible than the rule approach, as it leaves the possibility to the financial institutions to consider the risks in their total.
- **Alignment with International Standards:** The combined effect of the new Insurance Act and the accompanying regulations positions Belize in compliance with the Insurance Core Principles of the International Association of Insurance Supervisors (IAIS) and with recommendations from the Financial Action Task Force (FATF). This alignment with international standards strengthens Belize's standing in the global insurance landscape.
- **Enhanced Inclusivity:** The Act categorizes licenses for insurers conducting business in Belize and from within Belize, allowing for the inclusion of international insurers, captives, reinsurers,

and other classes of insurers. These provisions support the sound development of inclusive insurance, with a focus on microinsurance and parametric products. This approach fosters financial inclusion and narrows the disaster-risk protection gap.

Minister of State in Belize's Ministry of Finance, Christopher Coye remarked, "the Government of Belize is committed to the observance of international best practices, especially those that foster financial stability, economic development, financial inclusion, and protection of consumers. The new Insurance Act is a demonstration of that commitment, and we look forward to the implementation of this legislation."

The development of the new act has been a collaborative effort between the World Bank, the IMF - through CARTAC - and the Government of Belize. It involved key stakeholders, including insurance market participants, government authorities, policymakers, and other experts. This inclusive approach ensures that the legislation is tailored to meet the specific needs and realities of Belize.

"The introduction of the new insurance act underscores Belize's commitment to modernization, financial inclusion, and the protection of its citizens and businesses. The inclusion of microinsurance supports those who face ongoing barriers to obtaining crucial coverage. It levels the playing field, and by doing so, it contributes to Belize's broader economic," said ***Lilia Burunciuc, World Bank Country Director for the Caribbean countries.***

The act aligns with ongoing initiatives to enhance Belize's Anti-Money Laundering and Counter Financing of Terrorism measures, further strengthening the nation's financial and regulatory landscape.

The new act was developed within the World Bank's Financial Solutions for Climate and Natural Disaster Risks Program in the Caribbean, funded by the UK Foreign, Commonwealth & Development Office.

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