

An open letter to the President of Ghana on COVID 19 and Job Loss Insurance

Dear Mr. President,

I wish to extend my warm regards to you Sir. How I wish to know the pressure on you but I believe you are doing very well by the grace of my God, Jehovah. You may not know me Sir but it is my hope that this letter reaches you in good health. It is highly impossible we may cross paths, but it is my firm belief that, I may be able to reach you through this medium. I would be grateful if you could find the smallest time and appreciate what I have in this letter. Please my name is Justice Peprah Agyei and I am a Chartered Insurance Practitioner.



"A true leader has the confidence to stand alone, the courage to make tough decisions, and the compassion to listen to the needs of others. He does not set out to be a leader,

but becomes one by the equality of his actions and the integrity of his intent." --Douglas MacArthur. I am very overwhelmed by the tough decisions you have made during these challenging periods. Most Ghanaians have admired the leadership qualities you have exhibited and all the relief interventions you have laid down to ease the stress and hardship on Ghanaians.

Mr. President, I have only one concern from the period some financial institutions collapsed to this covid 19 era. I am particularly more concerned about the section of the working force who lost their jobs during the banking crisis and those who might lose their jobs during this covid 19 pandemic. The risk of job loss is one of the most salient risks facing the working age individuals. Millions of Ghanaians hold life insurance, health insurance, liability insurance and many other property insurance policies. But there is no thriving social security or private market for Job Loss insurance or unemployment insurance in Ghana. National Pension scheme is there to ease the financial stress on people who after their active work would be blessed to live more years even than expected. And this is good. Mr. President, can we please imagine how life would have been for us if there was nothing like pension scheme? "I cannot think far....hahaha as Kojo Nkansah will say" sorry Sir, this is just by the way.

Mr. President, this is just to draw your mind to something you know already that, Ghana has particularly been a victim of job losses in recent times, in the wake of the recent banking crisis. According to the Center for Socioeconomic Studies (CSS), available statistics indicate that, over one million Ghanaians who contributed significantly to Ghana's workforce and also served as breadwinners in their families have lost their jobs since 2017. The socioeconomic impact of these job losses on the general economy implies that, well over three million livelihoods have been adversely affected, given that one job loser can be said to have at least two dependents.

The statistics are not yet available but more of the working force are going to lose their jobs in this era of this pandemic, Covid 19. We do not wish for this but what does this teach us. We need to take key lessons from this as a country. It is good that we put in

place other risk management measures including infrastructures, strengthen institutions, ensuring local manufacturing companies and others to ensure we are able to deal with these pandemic and other hazards in the future. In same way, we need to make provision in case all these measures are not able to prevent other tragic event.

Dear Mr. President, Job Loss or Unemployment insurance schemes are designed to provide income support in the case of job losses in order to smooth consumption for unemployed workers and help avoid large drops in spending in the economy. Changes in national unemployment rates are beyond the control of the government, so there is a strong case for the collective risk-sharing through insurance (Andersen, 2014). What do we mean by Job Loss Insurance? In simple terms;

- 1. The working force pay a monthly premium*
- 2. The premium could be a percentage of their monthly basic salary.*
- 3. When they lose their job because of no fault of theirs, the state pays them their monthly benefit as compensation.*
- 4. The benefit could have a maximum period or until the person gets another job*
- 5. Data would be important hence people working must register*
- 6. Monthly premium deduction could be done in same manner as SSNIT.*
- 7. This should be National Insurance Social Security rather than private so we can get all the working force on it.*
- 8. This could be done for both formal and informal sector.*
- 9. It would also work better when there are larger number of people contributing and meeting the losses of few.*

Mr. President, Unemployment arising from job losses is caused by many factors including temporary lay-offs, company downsizing in order to cut down costs, restructuring of business model due to competition and changing technologies, mergers and acquisitions and company folding up due to its inability to compete in the market and operate as a viable concern (Painter, 2019). Other causes of unemployment include technological advances, economic downturn, no job creation and catastrophic events that destroy industries including natural and artificial disasters.

To address the risk of unemployment, governments across the globe have continuously implemented various strategies and policy interventions. Among some of these policy interventions include unemployment benefits, which depending on the jurisdiction are also called unemployment insurance or unemployment compensation. They include social welfare payments made by the state or other authorized bodies to unemployed people, and are mostly based on Para-governmental insurance system.

Mr. President, the following are some of the brilliant policy initiatives that have been undertaken by the government of Ghana over the years, to promote growth and reduce unemployment, that have a semblance of unemployment insurance (UI) include the Ghana Poverty Reduction Strategy (GPRS), the Livelihood Empowerment Against Poverty (LEAP) and recently, the Ghana Shared Growth and Development Agenda (GSGDA) (Ghana Statistical Service, 2015). However, the big question is whether these governmental policy interventions are enough to provide the best safeguard in times of job losses.

The Job Loss Insurance if implemented well will contribute greatly to the growth and development of the Ghanaian insurance market as it attempts to unveil a new area of business that will help address to some extent, a major socio-economic problem bedeviling the nation.

Kermani and Di Maggio (2016) argues that unemployment insurance, apart from providing economic safeguard to individual policy holders, also benefits countries by serving as automatic stabilizer and an unconventional monetary policy measure which mitigates economic sensitivity to shocks. According to Kermani and Di Maggio (2016), more generous unemployment insurance tends to stabilize aggregate demand by attenuating fluctuations in disposable income while redistributing funds to individuals with a higher propensity to consume. Kermani and Di Maggio (2016) further suggest that, unemployment insurance makes households' disposable income and therefore their demand less sensitive to their employment status.

I will humbly end here Sir. Thank you Sir for taking a little time to read this and I wish you all the best.

Yours Sincerely,

Justice Peprah Agyei.



A Chartered Insurer and an Associate of the Chartered Insurance Institute of United Kingdom and also Ghana (ACII-UK, ACIIG), and holds MPhil in Enterprise Risk Management and Business Consulting from Kwame Nkrumah University of Science and Technology. Attained Bachelor's degree from University of Ghana, Legon and have Applied Insurance studies, Diploma and Advanced Diploma (AAIS & AIS) from Ghana Insurance College / Malta Insurance Training Institute.

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