The Virgin Islands Consortium

Potter Issues Emergency Order To Property Insurance Companies Requiring Them To Perform Second Review Of Hurricane-Related Claims

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Lieutenant Governor Osbert Potter, who also serves as commissioner of Insurance, on Monday issued an emergency order to all property and casualty insurance companies licensed and authorized to conduct business in the U.S. Virgin Islands, Mr. Potter's office announced on Wednesday.

"The order, which is effective immediately and dated February 12, 2018, requires insurance companies to conduct a second review of each Hurricane Irma and Hurricane Maria-related claim for which a determination of ‘underinsurance’ was made," Mr. Potter said.

The order follows an announcement of a class action lawsuit against insurance companies in the territory by Senator Alicia Hansen and Attorney Lee Rohn. Mrs. Hansen and Ms. Rohn had argued that insurance policyholders were being cheated by property insurance companies following Hurricanes Irma and Maria.

“I have had enough of the Legislature’s unwillingness to act on behalf of the people, now it is time to take the gloves off,” Mrs. Hansen said almost two weeks ago on her radio talk show, "Keeping In Touch".

Mr. Potter's office said the order was generated as a direct result of numerous underinsured-related complaints that homeowner’s insurance policyholders filed with the Division of Banking, Insurance, and Financial Regulation after the two hurricanes. Underinsured means the amount of homeowner’s insurance held on the property is insufficient to cover the total dollar amount of losses to the property. Generally, underinsured is associated with the policyholder’s failure to co-insure no less than 80 percent of the property’s value, Mr. Potter's office explained.

The order mandates that:

- The insured must be notified of the insurer’s finding in writing within three weeks after the second review is completed;
- Every property and casualty insurance company licensed and authorized by the commissioner of insurance to conduct insurance business in the territory is required to provide to its homeowner policyholders a full explanation of the term “underinsured”; and
- Each policyholder must sign a document evidencing that their agent has provided a full explanation of the term “underinsured” and how the conditions will affect their ability to receive the full benefits of insurance coverage in order to restore the insured property in the event of a catastrophe or any loss covered under their policy.

“With the issuance of this emergency order, we have placed the responsibility on all insurance companies within the territory to properly notify and educate their policyholders on the issue of underinsurance," Mr. Potter said.

Once educated about underinsurance, the policyholder can then make an informed decision as to what will be covered under the policy and will therefore have a full understanding of the impact of their decision to purchase a policy that does not offer full coverage of their property. The emergency prder is in the best interest of protecting our consumers, Mr. Potter said.

The Division of Banking and Insurance also drafted a brochure on how to avoid being underinsured, according to the release, which D.B.I. said will be distributed to all licensed property and casualty insurance companies, licensed insurance agencies, as well as to local banks, in an effort to inform the public about the risks of underinsurance.

Homeowner’s insurance policyholders should contact their insurance agent and company for more information on their insurance coverage, the release urged. Consumers may also contact the Division of Banking, Insurance and Financial Regulation on St. Thomas at 340-774-7166 and on St. Croix at 340-773-6459, or visit the division’s website at ltg.vi.gov for more information on banking, insurance and financial regulation services.

Correction: February 15, 2018

A previous version of this story, because of a text error, stated that generally, underinsured is associated with the policyholder’s failure to co-insure no less than ***8*** *percent of the property’s value. However, the correct percentage is* ***80*** *percent. We've updated to story to reflect the correct information.*