The Virgin Islands Consortium

Bills Aimed At Updating Territory's Insurance Laws In Light Of 2017 Storms Head To Committee On Rules And Judiciary

VIC News / **Published On June 24, 2018 10:09 AM /**

Staff June 24, 2018

ST. THOMAS -- Three pieces of legislation seeking to update the territory's insurance laws to better protect residents and also because the current laws are outdated, were approved in the Committee on Finance, chaired by Senator Kurt Vialet, on Wednesday, and are headed to the Committee on Rules and Judiciary for further vetting. If the measures are approved in Rules, they will be forwarded to the full body for a final round of voting, after which, if approved, will head to Governor Kenneth Mapp who is expected to sign the bills into law.

The flaws in the U.S. Virgin Islands' insurance laws were exposed following Hurricanes Irma and Maria, when many residents reported their grievances to the Division of Banking and Insurance, which is part of the Office of the Lieutenant Governor. Virgin Islanders whose homes were damaged or destroyed by either of the storms reported a wide array of complaints, among them irregularities from insurance adjusters who inspected homes but failed to respond in a timely fashion, and the snail-like pace in which insurance firms were providing funds derived from insurance claims.

In fact, Lieutenant Governor Osbert Potter in late January said there were 9,332 claims filed for Hurricane Irma as of January 10, of which 3,013 claims were closed, which equated to $435,661,453.61. “That represents 38 percent of the claims that were filed,” Mr. Potter said. “There’s still a lot of claims in the pipeline at various stages, so this in itself shows a lot of progress, but at the same time shows that there are still more claims to be handled and the process for dealing with claims continues.” Hurricanes Irma and Maria struck the territory in September 2017.

On Wednesday, Gwendolyn Hall Brady, director of the Division of Banking, Insurance and Financial Regulation, stated that the bills served to strengthen the U.S.V.I.'s insurance laws by giving the commissioner of insurance "additional regulatory authority to ensure that insurance companies doing business in the territory maintain a financial status, particularly in the aftermath of the year 2017 Hurricanes Irma and Maria. This will allow them to meet their obligations to pay claims and benefits due to their policyholders, following terms and conditions outlined in their policies," Ms. Brady said.

“This is just a few of the many bills to ensure the Office of the Governor Division of Banking, Insurance and Financial Regulation for the Virgin Islands have the same laws and standards as major insurance companies nationwide, the District of Columbia and Puerto Rico,” Mr. Vialet said.

As asked during press conferences held by the Division of Banking and Insurance, senators raised concerns of staffing at the division, which has been overwhelmed by the influx of calls relative to insurance claims after the storms. Ms. Brady said once the bills are signed into law, additional employees will be needed for the division's licensing unit.

Among other goals, Bill No. 32-0231 seeks the provision of an annual audit and financial reporting to meet the accreditation standards established by the National Association of Insurance Commissioners (N.A.I.C.); Bill No. 32-0232 seeks changes in health and life insurance policies; and Bill No. 32-0233 is intended to enact the Property and Casualty Actuarial Opinion Act to meet the accreditation standards established by N.A.I.C. in its model laws to update the insurance laws of the U.S.V.I.

Feature Image: A damaged home on St. Croix following Hurricane Maria. (Credit: Irene Ali Photography)