

The Virgin Islands Consortium

WAPA's Governing Board Reverses Course, Says Yes To Help Recovering Unclaimed Insurance Funds

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Twenty-four hours after [turning away](#) expert help to recover potentially millions of dollars in unclaimed insurance funds, the Water and Power Authority governing board changed its mind on Friday.

Under intense public and legislative pressure, the governing board reversed its earlier decision and retained a team of stateside insurance consultants to re-evaluate WAPA's shockingly low initial damage estimates from the 2017 hurricanes Irma and Maria.

Ironically, WAPA's administrative offices were powered by generator during the emergency board meeting. The St. Thomas-St. John district was in a midst of hours-long

outages that left up to 24,000 customers without electricity at one point in the day.

The board voted unanimously in favor of bringing aboard public adjusters Phoenix Claims Consulting and The Merlin Law Group to correct WAPA's rock-bottom estimate of \$3.5 million in total insured losses.

The consultants said their preliminary assessment suggested WAPA could recover at least \$20 million or more for damages to insured assets. "They have reported to this board yesterday and in with discussions with me, they seem very, very confident that the numbers are there," said board attorney Lorelei Farrington.

WAPA's abrupt change in course comes after [the Consortium wrote exclusively](#) about a contentious hearing Thursday where Board Chairman Anthony Thomas questioned why experienced engineers had not initially assessed damages to WAPA's high-value industrial assets.

Mr. Thomas again urged the board to bring in outside expertise. "That is our right to evaluate what has happened after a Category 5 hurricane – not one, but two Category 5 storms," said Mr. Thomas.

Immediately after the favorable vote – including reluctant 'yes' votes from Vice Chairman Noel Loftus and member Gerald T. Groner – The Merlin Law Group filed a lawsuit against WAPA's insurer, Lloyd's of London, in order to preserve WAPA's ability to recover losses from Hurricane Irma, said Ms. Farrington.

The board had waited until the day of the deadline for re-opening claims. Filing the lawsuit was the only remaining option to keep the window open for re-filing a claim related to damages from Hurricane Irma. Friday was the two-year anniversary of the storm's passage.

The suit was filed in Superior Court late Friday afternoon.

Mr. Groner was unconvinced that there would not be consequences to suing the insurance company. Lloyd's of London will certainly raise premiums, he said, but could walk away from providing coverage to WAPA. "The concern that I raised at the last meeting is still my concern," said Mr. Groner. "I don't share with you," he told the board chairman, "the confidence that there is always going to be another insurance carrier out there." During the Thursday board meeting, Mr. Groner at one point said the adjusters would likely be able to recoup more funds for WAPA, while at the same time sharing the concerns he relayed Friday.

The governing board took heat for its original decision Thursday to walk away from the opportunity to recovery tens of millions of dollars in damages to insured assets.

Members Groner and Loftus were overheard saying that they had been subpoenaed to appear before the Virgin Islands Senate, ostensibly to answer questions about the board's decision-making.

On social media, WAPA ratepayers angry about the authority's reckless financial management and inadequate service, did not hold back. "The board needs to be replaced," Michael Kelly said in a Facebook post. "They are not working for the company

or customers if they are not looking to get every dollar they are owed.”

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