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Windstorm Insurance Remains Available in USVI Despite Global Insurance Market Pressures, Lt. Governor Assures

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Lieutenant Governor Tregenza Roach on Tuesday assured the availability of windstorm insurance coverage in the U.S. Virgin Islands. In his capacity as commissioner of Insurance, Mr. Roach's Division of Banking, Insurance, and Financial Regulation has convened with the Virgin Islands Insurance Association and authorized Property and Casualty (P&C) insurance companies to address concerns regarding the availability and affordability of these products in the territory.

The global insurance market is currently in a 'hard market' phase, characterized by an upswing in premiums, limited coverage, and overall decrease in the availability of most types of insurance, according to Mr. Roach's office. This has been caused by a combination of market forces and an increase in the scale and severity of natural disasters, such as hurricanes, floods, wildfires, and

earthquakes.

"In the face of these global trends, like Florida and other hurricane-prone Caribbean islands, the Virgin Islands is feeling the pressures of the hard insurance market, especially in the homeowners' market," he said. The lieutenant governor further noted that the current circumstances have led to some reinsurance companies and direct insurers exiting the territory's insurance market, seeking higher profitability elsewhere.

The remaining insurance companies in the territory are limited in the amount of coverage they can offer, according to Roach. This is further exacerbated by reinsurers' requirement that insurers reduce the amount of coverage they provide for wooden or mixed frame construction, deemed high risk due to their increased vulnerability to windstorms. Homeowners with these construction types may therefore face non-renewal of their coverage or difficulties in obtaining coverage in the admitted market.

In light of these market conditions, the division has approved requests for rate increases from some insurers, granting partial rate increases to maintain insurance coverage within the Virgin Islands. However, due to some insurance companies indicating that their reinsurers have deemed the increases as insufficient, additional rate increases may be in the offing.

"To that end, I encourage policyholders to ensure your policy is timely renewed because if it is not renewed you may have difficulty securing homeowners' insurance due to limited capacity in the admitted market," stated Mr. Roach. He urged Virgin Islanders seeking to purchase homeowners' insurance to contact an insurance producer to determine the availability of coverage, either from insurers licensed in the territory or from insurers providing coverage through their surplus lines products.

For further information, the public can contact the Acting Director Glendina P. Matthew, Esq. at the Division of Banking, Insurance, and Financial Regulation at (340) 773-6449.