

Insurer 'Praying' Abaco 90% Paid In Six Months

The Tribune Business | October 4, 2019

By Neil Hartnell, Tribune Business Editor

A top Bahamian insurer was yesterday “praying” that 90 percent of Abaco’s Dorian-related claims will be paid out within the next six months given the scale of the island’s devastation.

Anton Saunders, RoyalStar Assurance’s managing director, told Tribune Business that by comparison the property and casualty insurer hoped to have between 80-90 percent of its Grand Bahama claims “wrapped up before Christmas”.

Revealing that Grand Bahama will be “completed way before” Abaco, Mr Saunders explained that this will result from differences in Dorian-related destruction on both islands; loss adjusters having easier access to east Grand Bahama and other areas on that island because some infrastructure remained; and potential problems in locating second home clients on the latter island.

And, while the Bahamas Insurance Association (BIA) has initially estimated industry-wide claims payouts at \$500m-plus, Mr Saunders said evidence was emerging that suggested such figures were only likely to increase.

He referred to an October 2, 2019, article by industry trade publisher, *The Insurer*, which revealed that a single Hurricane Dorian-related property binder placed with the Lloyd’s of London insurance market suggested reinsurance losses could amount to \$250m for just one syndicate.

The RoyalStar chief added that there was “no doubt” that Dorian has proved one of the hardest storms for the Bahamian insurance industry to deal with - especially since it took two weeks to get industry loss adjusters into Abaco, the island that was arguably hardest hit by the category five storm.

“This is going to be a very tedious process in Abaco,” Mr Saunders told Tribune Business yesterday. “The adjusters are on the ground, looking at the properties, and doing their preliminary reviews. Clients have to sign off on their claims. Yes, we’d like it to be faster, but we have to understand the situation on the ground.

“Grand Bahama is more rapid because conditions are more favourable. We are paying claims but Abaco is just a slow process. We expect Grand Bahama to be completed way before Abaco. There is less penetration there but enough penetration.

“We had a sea surge loss in Grand Bahama; the majority of claims are for penetration of water, whereas in Abaco we had everything - wind, tornado and surge damage - and the infrastructure in the central part of Abaco was wiped out.”

Mr Saunders said RoyalStar’s loss adjusters had now seen 90 percent of client properties with damage in Grand Bahama, and were now in the process of submitting their final reports on the island.

“Hopefully by Christmas we will have 80-90 percent of Grand Bahama wrapped up,” he told this newspaper. “Abaco, because of the logistics, will take a longer time. Neil, I would hope, and it’s only me, but I’m praying that in six months time we will have 90 percent done.”

Noting that some winter residents and second homeowners may never return to Abaco to deal with their claims, Mr Saunders said clients and their adjusters will still have to sit with RoyalStar and its advisers to settle claims.

“We’re all in the same boat,” he told Tribune Business of the Bahamian insurance industry, “but we’re trying to do it as quickly as possible and as reasonably as possible.”

Mr Saunders said RoyalStar Assurance had a “very good idea” of its likely total Dorian claims payout, which is what we believed would happen when Dorian stalled, give or take 20 percent”, but declined to reveal any figures when pressed by Tribune Business.

However, he indicated that total claims payouts by Bahamian insurers would likely be higher than the initial \$500m-plus estimate given this week’s report in *The Insurer*, which detailed the arrival of a dossier from BISX-listed agent and broker, J. S. Johnson.

Said to feature mid-market and retail Bahamian property, the article said market-wide Lloyds of London losses stemming just from this reinsurance placement were estimated at between \$100m to \$250m.

J. S. Johnson places much of its property and casualty business through local carrier, Insurance Company of The Bahamas (ICB), and Caribbean-based insurer, Island Heritage.

“By no doubt this has been one of the hardest storms to deal with,” Mr Saunders added of Dorian. “We’ve never had, in the history of The Bahamas, where two islands were impacted to this extent and the infrastructure in the centre of one was wiped out.

“Grand Bahama has seen storm surges before, hurricanes before, but has never seen a hurricane other than Frances and Jeanne - which were Category two to three storms - it has never seen a Category Five storm that stopped and pushed water to that height in Grand Bahama that I’m aware of in modern times.

“We’ve never had a storm where you couldn’t go on the island for two weeks to start adjusting. This has probably been the worst and most difficult adjustment we are faced with because of logistics.”

Mr Saunders argued that Dorian had again highlighted the insurance industry’s importance to Bahamian society and the conduct of commerce, adding: “Without the insurance industry and us stepping up to the plate now and offering coverage into the future, The Bahamas will be a sad place as no business transactions would be able to transpire.”

The RoyalStar chief said the company will eventually meet with its insurers to “discuss the best way forward at a reasonable price”, when asked how Dorian and other recent Caribbean storms will impact property and casualty premium rates and coverage affordability moving forward.