

General Insurers Say: 'Show Some Respect'

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By Neil Hartnell, Tribune Business Editor

Property and casualty insurers yesterday urged the government to “show some respect for the industry” after they were blindsided by inclusion in the government’s premium deferral initiative.

Anton Saunders, RoyalStar Assurance’s managing director, told *Tribune Business* that ministers and their officials simply needed to “pick up the phone” and discuss their intentions with companies set to be impacted by legislative reforms and policy decisions.

He was backed by Patrick Ward, Bahamas First’s president and chief executive, who confirmed that property and casualty underwriters had been “caught by surprise” through the government’s decision to include the segment in its latest Emergency Powers (COVID-19) (Special Provisions) (Amendment) Order 2020 dated April 16.

Revealing that his staff “are analysing right now what the impact might be”, Mr Ward said both the government and industry would “benefit from a higher degree of consultation” before such initiatives were finalised and took effect.

Both men were responding after the government decided to include all segments of the Bahamian insurance industry in its expanded consumer protection coverage. This had previously only applied to the life and health insurance industry, excluding property and casualty insurers such as Bahamas First and RoyalStar.

Tribune Business previously revealed how the initial version of the order left life and health insurers “up in arms” after as it required underwriters to continue paying multi-million dollar claims without receiving any premium income in return for the duration of the COVID-19 lockdown - something several likened to “receiving free food from Super Value” for the duration of the COVID-19 lockdown.

Carl Bethel QC, the attorney general, at the time justified the Government’s move as essential to prevent poor and elderly policyholders, plus those who have lost their jobs, suffering a “catastrophe” when coverage lapsed as a result of their inability to pay due premiums.

Subsequently, he told this newspaper that the Order would be clarified to mandate that those with the means to pay - and the ability to do so either online or in person - should keep their premiums in good standing for the duration of the COVID-19 lockdown.

The April 16 Order does precisely what Mr Bethel promised, segmenting the insurance industry's customer base between those who can still afford to pay and those who cannot, while providing protection to the latter. But besides covering the life and health insurance sector, the new Order also brings the property and casualty segment under its mandate.

“All I would say is that when the Government and people make decisions impacting a certain industry, show some respect for the industry,” Mr Saunders told *Tribune Business*. “Just pick up the phone, discuss it and tell us what you want to do.

“We'll give you input so, at the end of the day, we're not hearing something for the first time. We all understand everyone is under stress. But we're not in London. Pick up the phone and say: ‘Guys, this is what we're thinking’, and we'll give you our input.”

His sentiments were echoed by Bahamas First's Mr Ward, who confirmed that the property and casualty industry's inclusion under the Order's mandate had been “a complete surprise to us” given that the company was unaware of any consultation having taken place.

“Like with any other Order, there are a lot of things that are unclear or not very specific,” he told *Tribune Business*, “and some elements where companies have to exercise some judgment. These are the kinds of things that we are uncertain as to how they will play out in the broader industry.

“They are also the kind of things that benefit the Government and industry to have a higher degree of consultation around before such Orders are finalised.”

The Order stipulates that for the entire COVID-19 national emergency period dating back to March 17, plus a 60-day period from when it ends, persons who have been terminated from their jobs or are unable to make due premium payments online can defer these outlays. This applies to “general” (property and casualty) insurers as well as their life and health counterparts, who have essentially got what they wanted.

Once the lockdown ends, clients must either pay the full amount of premium due or agree a payment plan with their underwriters during that 60-day period. Persons still working or with the means to pay, and who can do so remotely, are not covered and must continue to pay.

The Order also seeks to deal with what should happen if a claim is made during this period by persons who have not paid their due premium. It requires all insurers to honour the claim but deduct “the outstanding premiums and deductible” from what is paid out.

Mr Ward said Bahamas First was studying the implications of this for motor vehicle claims, in particular, as general insurers relied on premium income to help fund claims payouts. He added that with fewer vehicles on the street amid the COVID-19 lockdown the potential for accidents could be reduced.

“More than the impact, how do we go about providing guidance to staff and business partners (agents and brokers) on how to execute the new Order?” Mr Ward asked. Noting that it was a deferral, “rather than a complete bypass of the obligation to pay”, and that the money would become due at some stage, the Bahamas First chief encouraged consumers who can still afford to pay “not to take advantage of the situation”.

Mr Saunders, meanwhile, said RoyalStar was able to “absorb these deferrals in the short and medium-term” while reiterating the underwriter’s willingness to work with companies to ensure their assets are protected.

“We understand that everyone is under severe economic stress at this time,” he added, “and RoyalStar will do as best it can for its customers but we also have to ensure we have adequate resources to insure their assets are protected.

“We have a very delicate balancing act between ourselves and reinsurers to pay them on time. Yes, we understand the Order and it’s going to have some impact on our cash flow, but RoyalStar is in a position in the short and medium term where we can absorb those deferrals at this time.

“If they are involved in an accident we will honour their claim. Paying premium has nothing to do with a claim. Once we commit to holding coverage, we are holding coverage for that period the Government has asked us to. If you are involved in an accident, you have a fire in the home, you know you are covered as long as we are holding coverage.”

Calling on persons who have lost their job due to COVID-19 to provide proof of this to their broker/agent, Mr Saunders said RoyalStar expected premiums to be paid or payment plans agreed during the 60-day post-lockdown period.

“We will do whatever is necessary within reason for the client,” the RoyalStar chief added. “We’ve been with them through 10 hurricanes and now have Hurricane COVID. We will stick with our clients as long as they stand by us.”