

Insurers: Covid Order 'Too Restrictive To Trade'

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By Neil Hartnell, Tribune Business Editor

Bahamian property and casualty insurers are urging the government to adjust its COVID-19 premium deferral order on the grounds that it is "too restrictive to trade" as peak hurricane season nears.

Anton Saunders, RoyalStar Assurance's managing director, told Tribune Business that the industry via the Bahamas Insurance Association (BIA) is calling for the Prime Minister's Office to give a set date for when the COVID-19 emergency powers order will be lifted.

Besides the uncertainty created by not knowing when these powers will end, Mr Saunders said the extra 60 days granted to clients to either pay or agree a plan to take care of the arrears runs through the end of August and into the September hurricane season peak.

This, he warned, will create cash flow issues for property and casualty insurers and potentially impact the payment commitments made to reinsurers who ultimately underwrite the multi-billion risks present in The Bahamas. The RoyalStar chief also argued that the government-mandated blanket approach to dealing with troubled insurance clients did not account for those who were delinquent prior to COVID-19.

"A request has been made into the Office of the Prime Minister, and we are still waiting for a response on whether they are going to adjust it for the recommendations of the BIA," Mr Saunders disclosed to this newspaper. "We just wanted an idea, 60 days after, when that date was."

The government's emergency COVID-19 powers have currently been extended until end-June, meaning that the extra 60-day period covered by the premium deferral runs until end-August barring any extension.

Its Emergency Powers (COVID-19) (Special Provisions) (Amendment) Order 2020, dated April 16, expanded the government's insurance consumer protection initiative to include property and casualty insurers as well as those on the life and health side, taking the former by surprise.

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 Saunders, though, argued that the order effectively bound the property and casualty industry's hands over how it dealt with its clients. He said it forced the sector to treat those in bad standing prior to COVID-19 equally with those who had lost jobs and/or income as a result of the pandemic.

"Let the insurance industry deal with their clients themselves instead of using the emergency powers," Mr Saunders told Tribune Business. "We all want to be in business after this. Those were the recommendations.

"The problem is we don't know when the emergency powers and the 60 days are ending. If the emergency order goes into July, then you're talking August and September, which is two-thirds of the way through hurricane season when we're not collecting a penny. You can't run a business like that.

"We will work with clients but the government order is just too restrictive to trade. We wanted some tweaks in it so we would have a certain date, not an unknown."

The RoyalStar chief added that the industry wanted the emergency powers end date to trigger the payment of outstanding premiums by their clients, not drag this out for another 60 days or two months.

Patrick Ward, Bahamas First's president and chief executive, told Tribune Business he was unaware of the government's response to the industry's recommendations as this was being coordinated through the BIA and Insurance Commission, the industry regulator.

"The Government has issued certain mandates," he said. "I cannot say much more other than that there have been conversations with the Government on our concerns around how the mandates are laid out. They seem to be receptive to them."

Mr Ward confirmed that the uncertainty surrounding when the emergency powers will end, and fears that this will drag into peak hurricane season with all the implications for cash flow and reinsurance treaties, was "one element" of the property and casualty sector's fears.

"I think I can say without fear of contradiction that most, if not all, participants in the insurance sector willingly offer terms to clients where they need premium holidays," he added.