IAC NEWSLETTER

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INSURANCE ASSOCIATION OF THE CARIBBEAN INC.

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IAC NEWS

Gateways to Insurance

On September 25, 2024, the IAC launched an exciting new initiative, "Gateways to Insurance."

This program aims to raise awareness among Caribbean youth about insurance as a dynamic and rewarding career path. By showcasing diverse opportunities within the life & health and general insurance sectors, we hope to inspire the next generation of industry leaders.

Through engaging video presentations from professionals in the field, we seek to:

- Promote insurance as a viable and attractive career option.
- Highlight the wide range of career opportunities available.
- Attract top talent to the industry.
- Build a database of individuals interested in exploring or pursuing careers in insurance.

Thanks to the contributions of our members, we've shared these videos on TikTok and Instagram to connect with our primary audience—students aged 18 to 25.

If your company would like to join this initiative, we invite you to submit a video. These presentations can provide insights into the insurance industry and share testimonials about various professions in the field.

For more information or to participate, please contact the IAC Secretariat. Together, let's inspire the future of insurance!

43rd Annual Caribbean Insurance Conference

June 1 - 3, 2025
Westin Playa Bonita
Panama

REGIONAL NEWS

Active Re Launches New Office In Barbados

"The launch of our new offices in Barbados affirms our commitment to fulfilling our requirements under the Economic Substance Act. This physical office now further enforces the visibility and strength of our brand that we have established over the past 17 years," said Robert Ali, chief operations officer of Active Re.

Ali is confident that opening the new office on the Caribbean island will significantly enhance Active Re's branding strategy in alignment with its global growth objectives and enable the "alignment of real-time customer service with all our business partners in the respective regions".

This global alignment allows the company to respond swiftly to market demands, ensuring that clients receive timely and efficient service.

With a presence in 141 countries and employees in more than 14 cities, the company is poised to leverage its new location for increased market reach and improved client engagement.

Ali shared insights into the strategic significance of the new office. "Active Re has been domiciled in Barbados since 2013, and the company has developed a robust strategy for selecting and partnering with managing general agents (MGAs) to ensure alignment with its underwriting strategies and growth goals."

Ali emphasised the importance of the MGA platform which has evolved significantly over the past five years.

"We have established very strong protocols in identifying the business partners and product lines we want to engage with," he noted.

The company's assessment process is comprehensive, focusing on short, medium, and long-term objectives.

"We have developed a rating methodology internally for the MGAs that we have aligned with along the DUAE methodology established by AM Best," Ali explained.

"This is focused predominantly on a two-sided equation, which is financial and non-financial rating."

It's an approach that enables Active Re to ensure a full spectrum of service and support from its partners.

The rating methodology includes a weighted assessment that mirrors established industry standards, addressing not only underwriting but also governance, compliance, IT infrastructure, credit control processes and claims management.

This meticulous approach to partnership selection enhances Active Re' ability to innovate and offer tailored solutions in specialised markets.

Ali explained: "To enable us to expand these relationships, we conduct a very thorough gap analysis of our own portfolios, whether it be the in-house facultative book or the treaty book."

This analysis helps identify specific territories, products, and sub-coverages that enable meaningful discussions to differentiate Active Re in the market.

As Active Re builds its network of MGA alliances, the company is careful that collaboration does not compromise its existing relationships but instead positions Active Re to identify new opportunities and innovate within its product offerings.

Marco Silva, head of global retrocession at Active Re, provided insights into how retrocession contributed to the company's ability to balance risk and capital management amid volatile market conditions.

"We have built a steady panel of reinsurers and retrocessionaires to enable us to always access the market when we need to limit our exposures," Silva stated.

"This annual process involves maintaining contact with retrocessionaires to ensure financial security is upheld."

The continuous analysis of retrocessionaires, in addition to the use of analytical and cat modelling tools, ensures that Active Re can manage its exposure effectively while navigating the challenges of the insurance landscape. This proactive approach to retrocession allows the company to stabilise its financial footing during fluctuating market conditions.

As Active Re continues to expand its portfolio, it is enhancing its treaty business to meet the evolving needs of clients.

Aleksandr Mazhorov, head of overseas treaty business, stated: "We see increasing demand in treaty reinsurance capacity, and this allows us to choose partners and treaties carefully."

Mazhorov emphasised the importance of long-term relationships.

"We believe that companies can have bad and good years, but we should support them in all cases."

Diversification across geographic locations and lines of business is also a significant approach for managing risk effectively.

"We aim to diversify as much as possible geographically, among different lines of business.

"Another approach would be to control accumulation: in some territories or lines of business, there might be too much accumulation, and we monitor that carefully," Mazhorov concluded.

Source: - October 22, 2024 - Arthur: Intelligent Insurer

Gov't To Launch Comprehensive Insurance Plan For Security Personnel

The Government of Antigua and Barbuda is set to introduce a new comprehensive insurance plan for all security personnel.

The Attorney General and Public Safety Minister, Sir Steadroy "Cutie" Benjamin, recently met with officials of the State Insurance Company (SIC) to discuss the details of the initiative.

The proposed plan aims to bring several key government security departments under a single policy, including the Antigua and Barbuda Defence Force, Immigration Department, Royal Police Force of Antigua and Barbuda (RPFAB), Office of National Drug Control Policy (ONDCP), and Her Majesty's Prison. The government is also considering extending this coverage to the Customs Department.

During the meeting, Minister Benjamin emphasised the critical need for this unified approach, particularly highlighting the current lack of insurance coverage for the Immigration Department.

"No security entity should be overlooked, especially given their crucial role in border protection," the Minister stated, underscoring the importance of addressing this gap in national security infrastructure.

The initiative comes as part of a broader review of the existing insurance provisions for law enforcement officers. Sir Steadroy elaborated on the government's motivations, saying, "The Government of Antigua andBarbuda was in the habit of providing insurance for its security officers, its law enforcement officers. However, on a review of the position concerning these matters, it was agreed that the coverage was not adequate and that there were shortages which had to be addressed."

This realisation prompted a comprehensive reassessment of the insurance policies currently in place. "In that regard, I was given instructions to review the entire process and to make certain that all law enforcement officers enjoyed the full benefits of full insurance coverage," Minister Benjamin explained.

The meeting with State Insurance Company officials marks a significant step forward in this process. The insurance provider has been tasked with developing a detailed proposal for a comprehensive plan that ensures adequate benefits and protection for all government security forces, regardless of their specific department.

While the exact number of officers who will be impacted by the new policy has not been disclosed, the scope of the initiative suggests it will have far-reaching effects across Antigua and Barbuda's security apparatus. The potential inclusion of the Customs Division further expands the reach of this insurance overhaul, though a final decision on this matter is pending.

Considerations are given at the moment to possibly include the Customs Division as well, but the decision will be made on that at a later date," the Attorney General noted, indicating the government's commitment to exploring all avenues for comprehensive coverage.

The development of this new insurance plan involves collaboration between various government entities. Minister Benjamin mentioned the involvement of the Permanent Secretary and the Consul General of the Insurance Department in the process of "ironing out a policy which will apply to all law enforcement officers throughout the State of Antigua and Barbuda".

This initiative reflects the government's recognition of the vital role played by security personnel in maintaining national safety and border integrity. By ensuring comprehensive insurance coverage, Antigua and Barbuda aims to provide its law enforcement officers with the support and protection they need to carry out their crucial duties effectively.

As the proposal moves forward, many in the security sector are eagerly anticipating the details of the new plan. The government's proactive approach to addressing these insurance gaps demonstrates a commitment to the welfare of its security forces and, by extension, to the overall safety and security of the nation.

While the specifics of the insurance plan are still being finalised, this development marks a significant step towards enhancing the support system for Antigua and Barbuda's dedicated security personnel, ensuring they are well protected as they work to safeguard the nation's interests.

Source: October 15, 2024 - Antigua Observer: By Kisean Joseph

HOW WE BUILD OUR HOMES MATTERS

In the Caribbean, where hurricanes, earthquakes, and floods are a growing threat, building homes that can withstand these forces is a necessity. With climate change worsening the intensity of these disasters, now more than ever, how we build our homes makes a difference.

To address this, The Physical and Environmental Planning Sector Subcommittee (PEPSSC) of the Caribbean Disaster Emergency Management Agency (CDEMA) launched a webinar series aimed at educating homeowners, builders, policymakers, financiers and the public on the importance of building disaster-resilient homes.

One of the series' key speakers, Dr. Grenville Phillips II, underscored that "poor building practices have historically contributed to the high level of damage in the Caribbean after natural disasters."

The President of Walbrent College and civil engineer, said that typical problems stem from two major issues: weak building materials and inadequate connections between them. "When either or both of these problems exist, homes are prone to severe damage or total collapse under the weight of storms or earthquakes," Phillips explained.

One solution, he mentioned, was the adoption and use of building codes like the OECS Building Code (OECS-BC) and the CARICOM Regional Code of Practice (CRCP 10:2023) developed by CDEMA in partnership the CARICOM Regional Organisation for Standards and Quality (CROSQ). Dr. Phillips explained, "…these codes offer guidance for designers, contractors, and building inspectors on building to higher standards." Sadly, he observed, that "less than 0.1% of houses in the Caribbean have adequate shear walls that resist strong forces and are therefore vulnerable to collapse during a major earthquake or hurricane."

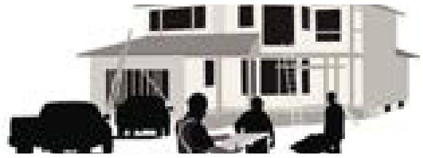
He recommended that a rectangular-shaped masonry house should have a 10 ft shear wall on each of its four sides. Installing these walls, he said, would not require additional costs but would enhance the home's stability. For wooden houses, diagonal braces were similarly important and should be added where possible.

For many homeowners, the thought of meeting these high standards can seem overwhelming, especially when budgets are tight.

But as Dr. Phillips emphasised, disaster resilience does not have to come with a high price tag. "For existing houses, strengthening the roof according to the CRCP 10:2023 standards can significantly increase disaster resistance." Homeowners building new homes should also follow these guidelines to ensure their homes are designed for long-term resilience.

Then why aren't more people taking these steps? Dr. Phillips highlighted a lack of awareness and education among homeowners. Dr. Phillips said, "Homeowners should familiarise themselves with the 'Learners Guide,' a user-friendly version of the CRCP 10:2023." This guide simplifies technical jargon and helps individuals understand the basics of disaster-resilient building practices.

With climate change escalating the severity of natural disasters, the region cannot afford to delay adopting and enforcing stronger building standards. For homeowners, that means educating themselves about the best practices outlined in the building codes. For contractors, it means applying these practices consistently. And for policymakers, it means creating incentives for compliance, such as reducing taxes



on high-quality materials and increasing them on sub-standard products.

The CDEMA PEPSSC webinar series, he said, provided practical guidance on building to the CRCP:10: 2023 and the OECS Building Codes (OECS-BC). The emphasis on resilient homes for this series is one of the key priorities of the PEPSSC which has the responsibility of providing guidance for mainstreaming Caribbean Disaster Management (CDM) in development planning. Members includes the Organisation of American States (OAS), the Caribbean Planners Association (CPA), the Caribbean Development Bank (CDB), CROSQ, the Council of Caribbean Engineering Organizations (CCEO), the Federation of Caribbean Associations of Architects (FCAA), the Organisation of Eastern Caribbean States (OECS), the University of Technology, Jamaica, and the University of the West Indies Centre for Resource Management and Environmental Studies (CERMES).

The webinars are supported by Global Affairs Canada under the Targeted Support to CDEMA project which has financed the re-engagement of the CDM Coordination and Harmonisation Council (CHC) and its Sector Subcommittees inclusive of the PEPSSC, to improve regional capacity for mainstreaming of CDM.

For more information and to register, interested persons can visit https://hostsbb.com/ or contact Dr. Nicole Greenidge, Disaster Risk Management Specialist, CDEMA at nicole.greenidge@cdema.org or Ms. Marsha Dennie, Project Coordinator, Resource Mobilisation and Programme Development, CROSQ at marsha.dennie@crosq.org.

Source: 2 October 2024 - Barbados Today
By Dr. Grenville Phillips II

Power Insurance Market Shifts As Competitive Pricing Returns

Source: October 9, 2024 - By Roxanne Libatique

Following a prolonged period of hard market conditions, the property and business interruption insurance market in the power sector is beginning to shift, according to WTW's Power Market Review for 2024.

The global advisory and broking firm reported that while smaller attritional losses persist, the absence of significant large-scale losses over the past two years is driving more competitive pricing in property and business interruption coverage.

The report highlighted that international liability markets have also stabilised, showing a slight increase in capacity. This, in turn, is creating softer market conditions, intensifying competition, and contributing to downward pressure on rates.

As demand for electricity continues to surge globally, power companies are extending the lifespan of aging assets. The report said insurers are expected to require detailed maintenance strategies, particularly for older infrastructure, to assess the associated risks.

While insurers are increasingly focusing on greener portfolios, the inherent risks of evolving technologies are a key concern. The rise of intermittent energy sources, such as wind and solar, ispressuring power grids to become more flexible and adaptive.

this aligns with broader industry concerns about climate change and its influence on insurance markets. A new report – developed by Ping An Insurance (Group) Company of China Ltd, in partnership with several institutions – highlighted how climate change is reshaping the insurance landscape.

The report pointed out the growing frequency of extreme weather events, which are placing increasing financial pressure on insurers due to higher compensation claims. It underscored the need for insurers to build climate resilience into their business models.

Transitioning to renewable energy sources has led to a decentralisation of power generation, with assets often located farther from consumption centres. This is creating potential bottlenecks in transmission infrastructure, especially in regions with limited grid development.

Risks tied to coal and wildfire exposures, particularly in the US, continue to face intense scrutiny.

Despite the shift towards renewable energy, thermal power remains essential to base load supply strategies in many regions.

Lyo Foo, head of power, Asia, at WTW, noted that the Asian power insurance market has experienced hardening in recent years, but the availability of more capacity at the beginning of 2024 has marked a return to a buyers' market.

The transition from coal to non-coal power, coupled with a phased reduction in underwriting existing coal risks, is pushing insurers to explore new investment opportunities.

As a result, we are seeing more insurers offering longer-term agreements, and rates are expected to soften over the next 12 months.

Foo further noted that supply chain disruptions are an emerging concern for insurers, especially in relation to business interruption (BI) cover.

"Amid unrest and geopolitical issues, the movement and transportation of materials and equipment has been significantly impacted, increasing the lead time for repairs and delivery times for large or complex items of machinery," he said, adding that this is making it essential for power companies to secure adequate BI indemnity periods, as they are reluctant to trade these protections for lower premiums.

Rupert Mackenzie, head of global natural resources at WTW, added that in a softening market, power companies will need to focus on accurate asset valuations and supply chain risk management.

"Making strides in a softening market will demand renewed focus on getting valuations right, investing in risk engineering for ageing assets, and managing supply chain volatility through contingency plans," he said.

He said that insurers will also need to collaborate closely with power companies to better understand their specific operational risks and develop commercially appropriate coverage.

Mackenzie further emphasised that transparency will be critical for companies seeking to right-size their insurance coverage.

"With the market approaching a new phase, the value of getting this approach right is essential to take full advantage of opportunities. The better the market understands the client's business, the more accurate and flexible the solutions can be," he said.

INTERNATIONAL NEWS

Insurers Brace for Cyber Evolution: 'It's Like Mandating Seatbelts and Airbags'

Source: October 15, 2024 - Insurance Business - By Lauren Johnson

According to research from Network Assured, the global cyber security market was valued at $7.60 billion in 2021 and is expected to grow to $20.43 billion by 2027. And, with the rapid evolution of cyberattacks and threats, the landscape of cyber insurance is having to evolve quickly. After all, data from the Consumer Sentinel Network suggests there were over 5.5 million reports of fraud and identity theft in 2023 alone.

But what does this mean for insurers in the field? What are the core concerns and emerging risks coming to the table in 2025 and beyond?

“I anticipate more integration between cyber insurance and cybersecurity,” said Joshua Parrish (pictured), president, RT Specialty San Diego. “The risks are so difficult to predict and underwrite that it seems a natural evolution that more buyers will end up in an insurance program that provides both sides of the coin.”

Parrish highlighted the struggle small and medium enterprises (SMEs) face in affording adequate

security measures, pointing out that he has heard from insurance carriers that they, too, have concerns around the sustainability of offering coverage under the current model.

“We’re already seeing this play out as leading markets race to integrate their offering with some level of cybersecurity services,” he said. “I believe that the integration will advance, and the carriers will use their greater purchasing power to provide a more integrated approach to addressing exposure for small and medium enterprises.”

“You probably can’t put laws in place to make people buy security services, but the industry can use its scale to provide more affordable options,” Parrish said.

This integration, according to Parrish, could make cybersecurity more accessible to SMEs. Accessibility is not just a problem for policyholders but also for insurers, who face difficulties selling coverage if clients can’t afford to meet minimum requirements.

“If you have $1,000,000 in revenue and four to five employees, how do you justify paying for all of that [for cyber insurance]? It’s beneficial but also incredibly difficult to pull that money out of thin air and pay for those things,” he said.

Addressing the need for innovation in cyber insurance, RT Specialty is focusing on simplifying the distribution of cyber insurance, particularly for SMEs. The launch of its online marketplace, RT Connector, serves as a step towards reducing the friction for brokers in offering cyber coverage to smaller clients, according to Parrish.

“The insurance industry has been at the forefront of advancing technological advancements for additional security purposes for hundreds of years now,” Parrish said. “We’re just thinking of it differently now because people think of technology, and they only think of software code numbers and, you know, zeros and ones. But if you think of seatbelts and airbags and antilock brakes, that’s technology too.”

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INTERNATIONAL NEWS

Peru Approves Groundbreaking Law to Extend Health Coverage for Migrants With HIV and TB

Source: October 21, 2024 By: UNAIDS

In a milestone decision, the Peruvian Congress has passed legislation that extends temporary health insurance coverage to migrants diagnosed with HIV and tuberculosis (TB). This law allows non-resident foreigners to access healthcare services through the public health insurance system (known by the Spanish acronym SIS) while they complete their immigration processes.

This law, which incorporates proposals from Law Bills 5253, 5554, and 7260, represents a significant step in reducing barriers for migrant populations, ensuring timely medical attention without the need for official residency documentation. Now, migrants affected by HIV or TB can receive vital healthcare services, including medical consultations and diagnostic exams, regardless of their immigration status.

The legislative breakthrough follows over two years of advocacy led by the Grupo Impulsor, a coalition that includes UNAIDS, alongside partners such as USAID’s flagship initiative Local Health System Sustainability Project (LHSS), IOM, UNHCR, the Peruvian Observatory of Migration and Health of the Peruvian University Cayetano Heredia (OPEMS-UPCH), Colectivo GIVAR, VENEACTIVA, the Peruvian TB Social Observatory, and Partners in Health.

Likewise, providing timely treatment for migrants with HIV or TB not only improves their quality of life but also reduces the risk of transmission, making it a crucial public health measure benefiting everyone. It also saves money: early care is far more cost-effective, preventing advanced cases that strain the health system.

A cost-benefit analysis reveals that Peru could save around 5 million soles ($1.33 million USD) annually by preventing new infections and another 54 million soles ($14.58 million USD) through avoiding productivity losses linked to AIDS and TB-related deaths.

Migrants living with HIV in Peru remain among the most discriminated groups in the country, with 70.7% reporting stigma, according to the Ministry of Justice and Human Rights. They also face heightened vulnerability due to xenophobia, violence, and exploitation—nearly half of them have experienced physical violence or sexual exploitation. Accessing healthcare is a major challenge, with only 2% of migrants with HIV covered by public health insurance, leaving the rest to pay out-of-pocket costs that many cannot afford.

“By extending health insurance to migrants, Peru is not only addressing these barriers but also aligning with global commitments, like the Sustainable Development Goals (SDGs), aimed at eradicating epidemics such as AIDS and TB by 2030”, says Luisa Cabal, UNAIDS Regional Director for Latin America and the Caribbean. “This legislative victory not only marks a turning point in health policy but also sets a precedent for future reforms, ensuring a more inclusive and equitable healthcare system for all.”

Protecting everyone’s rights protects public health.

REINSURANCE NEWS

BEAZLEY, MUNICH RE, GALLAGHER RE UNVEIL CYBER RISK MODEL FOR MALWARE EVENTS

Source: October 9, 2024 - By Kenneth Araullo

Beazley, Munich Re, and Gallagher Re have published a white paper and model examining the potential accumulation risk facing the cyber insurance industry from extreme malware events.

The report introduces updated estimates of possible systemic losses, based on a new accumulation model developed through a year-long collaboration among experts in insurance, reinsurance, and broking. The initiative aimed to create a transparent framework for assessing systemic cyber risk.

The model incorporates three distinct malware scenarios applied to a synthetic portfolio representing the cyber insurance market. Munich Re said that the project sought to address limitations in existing systemic cyber-risk models, which often focus on economic losses or include elements typically excluded from standalone cyber insurance policies, such as cloud outages due to widespread power failures.

Additionally, some existing models involve parameters that may be challenging to interpret without significant technical expertise.

According to Munich Re, the absence of major catastrophic loss events in the cyber insurance market means that some level of subjectivity is inherent in any systemic risk model.

However, the partners in the project emphasized the importance of providing clear justifications, explanations, and evidence for the model's parameters.

External experts contributed to the development process, and the report draws on academic and industry research. The assumptions regarding claims and incident response costs are based on actual claims data, which have been aggregated and smoothed to maintain client confidentiality.

The report suggests that the model serves as a transparent tool relevant to insurance for systemic cyber-risk, specifically through malware scenarios. It acknowledges the challenge of parameterization, given that the model's outputs are highly sensitive to the selected parameters.

The scenarios developed represent an upper bound of what is technically feasible. Although the scenarios are deliberately extreme, the model indicates that such events would not exhaust a significant portion of the deployed limit in the cyber insurance market.

The projected losses exceed twice the premium collected by the market, suggesting that the industry could potentially absorb a systemic event. Munich Re pointed out the need for re/insurers to maintain a robust capital base and a diversified portfolio to manage such risks.

The findings indicate that systemic losses in the cyber insurance market are most likely to arise from events such as widespread software supply chain attacks or self-propagating malware. In contrast, targeted malware incidents, while potentially resulting in significant economic losses, would generally not produce insured losses on the same scale.

By making the model's structure and assumptions available, Beazley, Munich Re, and Gallagher Re aim to provide a benchmark for calibrating systemic cyber-risk models and encourage broader industry adoption of consistent standards for evaluating these risks.

REINSURANCE NEWS

WHAT'S DRIVING RISING AVERAGE ANNUAL LOSS FIGURES?

Last month, Verisk reported that the average annual loss from global natural catastrophes hit US$151 billion in 2023, confirming concerns that loss years of over $100 million are becoming the 'new normal'.

Addressing the key findings of the report, Jay Guin (pictured), EVP and chief research officer for Verisk Extreme Event Solutions highlighted that amid concerns about rising natural catastrophe losses, there is an emphasis on frequency – or secondary – perils.

Whether in the form of convective storms, floods or wildfires, these have been systemically causing problems, he said, and primary insurers want more coverage for these perils which is creating a 'push and pull' between capacity providers and insurance markets.

"Key drivers of the losses seen are issues around exposure growth and inflation," he said. "We are seeing annual losses increasing at a compound growth rate of 7.2%. Four-to-five percentage points comes from exposure growth and inflation. Inflation is not quite as high as it was in the last two years but, nevertheless, claims inflation and the costs of rebuilding properties continues to accelerate."

There's a variety of factors behind the increase in global insured natural catastrophe losses but a main driver includes the increase of building and construction in high-hazard areas. Populations are migrating towards more hazardous locations, he said, which can be seen from the explosion of population growth in states like Texas and Florida, and in coastal regions around the world. Increased construction is necessary to sustain this population growth, and this urban expansion is directly linked to exposure growth.

"The other area is around climate change," he said. "We believe that in today's climate, 1% of the increase in losses can be attributed to climate change because climate change impacts different perils to different degrees. On aggregate, we believe 1% is a good estimate but that's going to change as we move forward. In the outer decades, I think climate change is going to start becoming a more meaningful component of overall losses."

The impact of climate change is being felt more keenly in the frequency perils space, Guin said, particularly with regard to how rising sea levels are leading to increased flooding and extreme precipitation while elongated periods of drought are leading to wildfires. However, climate change is also impacting severity perils including tropical cyclones and hurricanes.

With regard to these frequency events, Guin emphasized that "there's nothing secondary about secondary perils", with the market seeing losses in excess of $10 billion, $20 billion and even $30 billion. With that in mind, he said, over half of Verisk Extreme Event Solutions' investment in research and development is devoted to the creation of a robust view of risk relating to these perils. "These are not necessarily the events that are going to create big challenges from a capital perspective," he said. "But they will continue to create an earnings erosion problem for the industry. And with climate change, we'll see more of these.

"As we stand today, more than half of the losses that we model are attributable to these frequency events, but on the annual expected basis in the far tail, it is still dominated by the peak perils - or severity events - like hurricanes, earthquakes and extratropical cyclone over Europe."

As to the mood of the re/insurance market, given the challenges it faces, Guin said that it seems to be "quietly positive."

"Everybody's trying to solve their client's problems and listen to what their needs are," he said. "I think the mood on the ground is quite optimistic because everybody's making sure they have the right tools so they can make the right decisions."

Source: October 15, 2024 - Author: Mia Wallace

INSURERS BRACE FOR ONE OF SPAIN'S COSTLIEST EVENTS FOLLOWING OCTOBER FLOODS: AON

The insurance sector is preparing for potentially one of Spain's costliest events on record due to catastrophic flooding across eastern and southern regions that began on October 27, 2024, according to global insurance and reinsurance broking group Aon.

The event began with intense rainfall and severe storms in Almería Province on October 27-28, with areas like El Ejido and Dalías experiencing hailstones larger than 4 cm (1.6 inches).

Heavy rain continued across Valencia and Castilla-La Mancha from October 27-30, with Spain's meteorological agency, AEMET, reporting over 300 mm (12 inches) of rain in parts of Valencia, Albacete, and Cuenca provinces. Some areas in Valencia received more than a month's average rainfall in just 24 hours.

The downpours caused regional rivers, including the Turia, Júcar, and Magro, to overflow, while drought-stricken reservoirs reached or exceeded capacity, worsening flash flooding. Severe flooding affected Requena-Utiel, Hoya de Buñol, the Ribera region, and southern towns in the Valencia metropolitan area, with Torrent, Alacuás, Paiporta, and Catarroja among the hardest hit.

Thousands of residential structures were likely flooded, and damages are expected to reach at least hundreds of millions EUR. The flooding has also led to widespread disruptions, with power outages impacting at least 155,000 people, road closures on regional and national routes, and interruptions in rail services, including parts of the high-speed network. Business interruptions are also anticipated, including a production halt at the Ford assembly plant in Valencia and temporary closures of many other businesses in flooded areas.

The agricultural sector also faced significant losses. In the southern province of Almería, large hail caused considerable impacts across the municipalities of El Ejido and Dalías where more than 4,200 hectares (10,400 acres) of greenhouses sustained damage.

Agroseguro initially expected heavy losses for persimmons, citrus fruits, and vegetables across Valencia, Murcia, Albacete, and Almería. The association of Valencian farmers (COAG) estimated that 35,000 hectares (86,500 acres) of vineyards and 5,000 hectares (12,400 acres) of almond trees may have also flooded in the Requena-Utiel region alone.

Preliminary estimates indicate that the overall economic impact could reach billions of EUR, covering damage to residential, commercial, and industrial sectors, as well as significant motor losses. The total impact also includes road repairs, building restorations, and productivity losses.

"As assessments continue and the event progresses in other regions of the peninsula, the insurance sector is bracing for potentially one of the costliest events in Spain on record," Aon noted.

Insured losses will be covered by the Insurance Consortium (Consorcio de Compensación de Seguros) and private insurers, while agricultural damages will be covered through Agroseguro.

According to UNESPA (association of re/insurers), the insurance take-up rate for residential dwellings in Valencia Province is 77%, compared to a national average of 74%.

While most insurance payouts will likely go toward flood-related property damage, agricultural losses are also substantial, including hail damage in El Ejido, where municipal authorities estimate damage at approximately €100 million ($109 million).

Morningstar DBRS anticipates insured losses from this event to exceed €1 billion, considering the extensive damage to people, properties, vehicles, businesses, and the agriculture sector.

Source: November 1, 2024 - By: Beth Musselwhite

MILTON COULD COST INSURERS $60 BILLION, RAISE REINSURANCE RATES, RBC SAYS

A man carries a child through a flooded street as Hurricane Milton approaches the Cuban coast in Batabano, Cuba, October 8, 2024.

Hurricane Milton could result in a $60 billion loss for the global insurance industry, creating a surge in 2025 reinsurance prices which could boost some insurance companies' shares, analysts at RBC Capital said. The Category 5 hurricane is due to make landfall on the Gulf Coast of Florida late on Wednesday or early Thursday, and is potentially one of the most destructive ever to hit the region, which is still recovering from devastation caused by Hurricane Helene less than two weeks ago.

More than one million people in coastal areas are under evacuation orders.

A $60 billion loss would be similar to losses from Hurricane Ian, which hit Florida in 2022, the RBC analysts said on Wednesday, adding that this estimate for Milton should be "very manageable" for the insurance sector.

"Market seems to be pricing in a similar impact from Hurricane Ian of a $60bn industry loss in 2022," RBC analysts said.

Ian was the second largest insured loss from a hurricane, following Hurricane Katrina in 2005, according to the Swiss Re Institute, which provides research on insurance.

Insurers and reinsurers - who insure the insurers - have responded to rising losses from natural catastrophes in the past few years by raising rates and excluding higher-risk business.

"Better reinsurance contract terms, broader earnings diversification and bigger reserve buffers should put the sector in better stead than before," the RBC analysts said in a note.

Shares in global reinsurers Swiss Re and Munich Re and in Lloyd's of London players Beazley, Hiscox and Lancashire have fallen this week. Swiss Re, Munich Re and Beazley have been trading at record highs on the back of strong profits.

"It's only a matter of time before shares regain lost ground as prospects of harder pricing at the subsequent (policy) renewals set in," RBC added.

Reinsurers fix prices for many insurance contracts on Jan 1.

Analysts at Peel Hunt said on Wednesday that a major hurricane making landfall across Tampa Bay and travelling west across the Florida Peninsula would be similar to a realistic disaster scenario set out by Lloyd's earlier this year, which projected a $134 billion loss for the insurance sector.

Lloyd’s maintains a set of mandatory Realistic Disaster Scenarios to stress test both individual syndicates and the market as a whole. The event scenarios are regularly reviewed to ensure they represent material catastrophe risks.

Source: October 9, 2024 - Author: Reuters

Season's Greetings

from:

The Board of Directors,
Management and
Staff of the IAC

THANK YOU FOR YOUR
CONTINUED SUPPORT