IAC NEWSLETTER

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INSURANCE ASSOCIATION OF THE CARIBBEAN INC. 50 Years

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IAC NEWS

The Caribbean Insurance Conference - An Overwhelming Success!

The 43rd Annual Caribbean Insurance Conference, held from June 1–3, 2025, at the beautiful Westin Playa Bonita in Panama, was an overwhelming success—and it's all thanks to you!

Under the timely and forward-looking theme, "Harnessing Emerging Trends to Drive a Secure and Sustainable Future," this year's conference not only provided valuable insights into the evolving insurance landscape but also marked a significant milestone: the 50th Anniversary of the Insurance Association of the Caribbean (IAC). We are truly grateful that you were there to share in this momentous occasion with us.

We were honored to welcome 570 delegates, along with 20 exhibitors, 28 sponsors, 8 advertisers, and 11 meeting rooms bustling with engaging meetings and networking opportunities. Your presence and participation made this event one to remember.

We extend our deepest appreciation to our esteemed speakers and panelists, who generously shared their expertise, perspectives, and time to make our sessions thought-provoking and impactful.

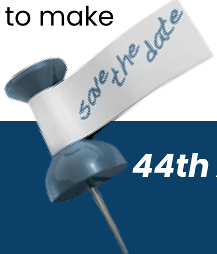
Sincere thanks to our valued sponsors, whose support and partnership were instrumental in making the conference possible.

Much thanks to our dedicated exhibitors, for choosing the Caribbean Insurance Conference as the platform to showcase their innovative products and services.

Lastly, to our advertisers, who contributed to our first-ever digital magazine—a new and exciting milestone for the CIC.

As we reflect on this year's achievements, we're already looking ahead with great excitement. We sincerely hope to welcome you again in 2026 as we gather in the breathtaking St. Thomas, U.S. Virgin Islands for another inspiring edition of the Caribbean Insurance Conference.

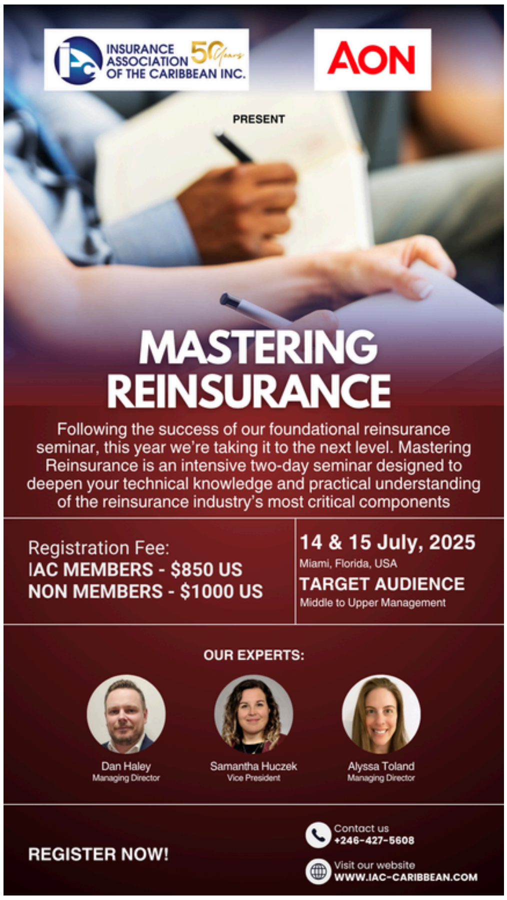
Thank you once again for being part of this memorable event. We look forward to continuing this journey with you toward a secure and sustainable future.

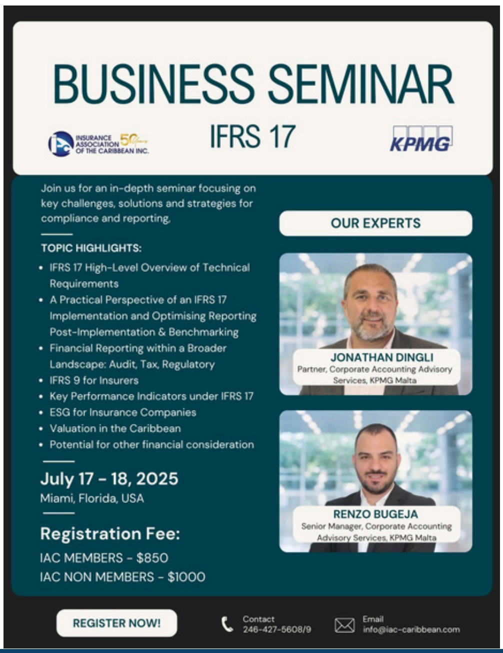


44th Annual Caribbean Insurance Conference

June 7 - 9, 2026

The Westin St. Thomas Beach Resort & Spa, U.S. Virgin Islands





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MEMBER NEWS

IAC WELCOMES NEW MEMBERS:
BMS GROUP AND MCLARENS CARIBBEAN

BMS is a dynamic, independent, global broker established in 1980, delivering specialist insurance, reinsurance, and capital markets advisory services.

We are a global brand with offices located across the US, Canada, Latin America, Australia, Europe and Asia with both a strong local focus and understanding of market needs.

Our teams are respected globally for their specialist market knowledge, intelligent analysis and insight.

Our people strive to be 'the best in class' and with an innovative approach and their entrepreneurial thinking our clients truly benefit from better solutions to policy development and placement.

Being independent makes a key difference to our clients, giving our brokers the freedom to deliver the best solutions, tailored to meet their business needs. Coupled with our collaborative team approach, single platform worldwide and renowned personal service, we are the independent broker of choice.
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McLarens Caribbean is among the best in the world. We deliver on effective and efficient claims handling needs for insurers and their clients. Our executive adjusters bring over 30 years of adjusting experience. Our local offices allow for easy coverage of the entire region. We are proud to offer:

- Efficient assessment for reporting on exposure and claim expectations.
- Reporting standards that provide thorough assessments and information in a clear format.
- Innovation and technological advances that are at the forefront of our claim handling strategies. We are currently testing the use of drone technology to speed assessments in post catastrophe environments.

https://www.mclarens.com/

Jamaica Builds on Parametric Disaster Risk Financing for 2025. Cat Bond Remains Core

Source: June 16, 2025 By: Steve Evans - Artemis

The Government of Jamaica has prepared itself for the 2025 hurricane season with a further increase to its National Natural Disaster Risk Financing Policy arrangements, with the largely parametric reserves and contingent financing augmented with parametric insurance and its World Bank catastrophe bond.

In March this year, the Jamaican Ministry of Finance negotiated a further J$6.5 billion contingent financing arrangement, which we believe was in the form of a World Bank supported Catastrophe Deferred Drawdown Option (CAT DDO).

In addition, the Jamaican government has meaningful layered protection from a range of instruments, made up of its own reserves and contingent disaster financing, contingent instruments from international partners, parametric insurance from the CCRIF and its catastrophe bond that sits at the top of the layered financing tower.

In a speech last week, Minister of Finance and the Public Service, Fayval Williams, disclosed the additional disaster risk financing and explained the layered approach Jamaica has adopted.

Her comments are an excellent example of how a government can, over time, reach a stage of maturity in its disaster risk financing arrangements that leaves it prepared for most eventualities, with a range of structures, instruments and sources of capital designed to respond to different return-period catastrophe events.

It's an example other countries take note of, as Jamaica now has one of the most sophisticated disaster risk financing approaches in the world, with private markets and capital augmenting its own reserves and development banks contributions, while the structures are largely parametric in the way they would be activated by a disaster event.

Williams explained, "In the face of what we know to be increased intensity of weather related events, we would have been in a very bad place when Beryl struck if we had not implemented our National Natural Disaster Risk Financing Policy.

"It has many layers of what we call shock absorbers for the economy. Since then, we have increased our disaster coverage to ensure we have the financial flexibility to meet natural disasters.

"The NNDRFP allows the government to prepare financially for natural disasters, the policy ensures funds are available for response and recovery efforts. Had this government not had the foresight to ensure we had this multi-layered risk absorbing facility in place when category five hurricane Beryl hit, we would not have been able to do the emergency repairs to public infrastructure, clean up and relief recovery activities, as well as the social expenditure to assist vulnerable populations.

"Currently, our NNDRF cushion stands at approximately $130.6 billion in terms of coverage. How much we can draw-down on that will depend on the severity of the disaster. Our disaster financing policy takes into consideration those events that are high frequency but low severity, such as floods, and these can be dealt with through budget reallocation or reserve and the contingency funds to provide immediate resources for relief efforts.

"For the higher-severity, low-frequency events, such as hurricanes, we have to use insurance instruments, such as the facility that we have with CCRIF, our Caribbean partner.

"It says in times of disaster, our policy that is, start with what we can reallocate, what we can defer, what we can delay or cancel and if that is not enough, go to the next layer, the contingency fund and the National Disaster fund. This is $4.8 billion. Then you go to the National Natural Disaster Reserve Fund that has $1 billion dollars. Together these two funds total $5.8 billion and are Jamaica's own resources.

"If those are not enough, the next layer would be two contingent credit arrangements, thanks to our international partners, and I'm pleased to note that on Tuesday, March 4th 2025, an additional facility was added for an amount of $6.5 billion to bring the disaster coverage for Jamaica, again, just to reiterate that number, to $130.6 billion.

"Of course, how much we can access will depend on the severity of the disaster.

"An advantage of the catastrophe financing coverage we have in place is that it is parametric, meaning there are predefined thresholds and predefined payouts. So, if the thresholds are met, funds are triggered and the recovery work can get started almost immediately.

Compare this with traditional insurance, in which there would have to be a detailed damage assessment, which, as you know, could take months of back and forth and agreeing and disagreeing about what's damaged what's not damaged.

"During that time, as you can imagine, of this detailed damage assessment, you could see how people, the infrastructure and the GDP of the country would be suffering, and how slow that process would be in addressing recovery efforts.

"The commitment of this government is to continue strengthening our multi-layered National Natural Disaster Risk Financing policies and to fill in any gaps that we have.

"I will always give former Minister Nigel Clark credit for the work that he started to establish this. We are continuing that work and are ensuring that these facilities remain in place for the benefit of the people of Jamaica, because we understand our geographic location in a hurricane belt, and that we need to be prepared well ahead of that. Not thinking when we are in it, what we are going to do? But we would have already had the plans and the financing in place to support that."

$130.6 billion Jamaican dollars equates to around US $815 million, so a very meaningful capital buffer to protect the country against severe weather and natural catastrophe events.

The World Bank facilitated $150 million parametric IBRD CAR Jamaica catastrophe bond sits at the top of the financing tower, for any particularly catastrophic disaster impacts the country could face.

While the cat bond did not pay out for hurricane Beryl, receiving some unwarranted criticism for that, it was evident that Jamaica's layered approach to financing its disaster risks was more than adequate for the impact of that storm and now the cat bond coverage remains available for any significant hurricane impacts through three more hurricanes, up to the end of 2027.

Recall that, the catastrophe bond was always designed to protect the residual risk at the top of Jamaica's disaster risk financing tower of arrangements.

While, after Beryl, Jamaica's Minister of Finance at the time, Dr. Nigel Clarke, had explained that not every risk transfer instrument was designed to trigger for every storm event.

WHAT TECH STARTUPS GET WRONG ABOUT INSURANCE

Many Tech Firms Lose Out on Enterprise Deals Because They Overlook One Crucial Cost of Entry: Compliance

For many tech startups chasing big-name clients, the first major enterprise contract can deliver an unexpected blow – not in the sales pipeline, but in the insurance clause. "They're three years into the business… and that first MSA hits," said Joseph Cook (pictured), founder of The Arizona Group's tech and cyber liability practice.

With that one master service agreement, a bare-bones insurance policy purchased online for $600 a year suddenly has to become a robust, multi-layered program worth $45,000 or more. "To be compliant with T-Mobile's MSA, or Ingram Micro's MSA… it could be $45,000 a year or more worth of insurance," Cook said. "But their perspective against what is fair in the market has been skewed by the previous artificial program… they're now a $10 million company. So, this is half a percent of insurance cost which is well within benchmarking… but they don't yet know that."

Cook sees this pattern time and again among privately held tech companies – particularly those backed by private equity. "The private equity firm will want to mandate certain coverages… but doesn't necessarily protect operations of the actual subsidiary," he said. That results in coverage designed to protect capital exposure, not the operational reality of the business.

This misalignment often stems from treating insurance as a vendor line item rather than a strategic consultative service. "You have these folks who have a facetious general liability-only policy… bought themselves through an online platform," said Cook. "It's never been questioned."

Startups often assume that minimal coverage is sufficient until they face a contractual obligation they can't meet – or afford. "Having a better understanding and setting yourself up earlier to be contractually solvent is something we certainly stress," Cook said.

Complicating the matter further is the rapid evolution of tech risk. From AI and data privacy to cross-border compliance, exposures are growing more complex. Yet, insurers – particularly admitted carriers – have been slow to keep pace.

"They are on the heaviest side of regulation and thereby in some cases a little slow on leading edge risk," said Cook. However, he noted that well-structured policy forms do exist. "If you have a worldwide coverage territory and you have an issue in the EU… there are forms that will respond for the GDPR."

For risks like cyber liability, Cook sees non-admitted products as more adaptive. "The regulation doesn't become an impediment to the product being responsive," he said.

The solution, Cook argued, is cultural and operational: a shift from reactive to proactive insurance planning. "There's this perspective that it's, 'Oh, I bought insurance and now I'm done.'" In reality, smart firms treat insurance as a dynamic process. "You're in a closed loop feedback system… always trying to right-size the approach."

Brokers, he believes, have a key role to play in this shift. "A roadmap of who you want to be when you grow up is important," he said. For instance, if a startup plans to pursue contracts with large enterprises, that intent should guide early insurance decisions. "You need 10 million of tech E&O and cyber liability. That's built into their boilerplate contract right now."

Advance planning avoids costly surprises. "You're not going to take that contract to gross $5,000 more a year and go net negative," he said. Alignment on expectations and timelines helps prevent sticker shock.

In a crowded tech market, contractual readiness can set a firm apart. "If growth is your goal, simply being contractually solvent is a leg up on your competitors," Cook said.

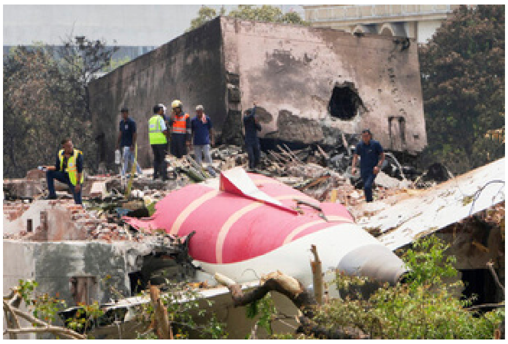
Firms that understand and plan for insurance obligations can move faster and more confidently. "If you can't afford to win the contract, you're not ready to win the client," he said. "Insurance is the cost of entry. Not an afterthought."

According to a 2024 NAIC report, fewer than 20% of small tech firms carry cyber policies that meet enterprise standards – a gap that reflects the very blind spot Cook wants to close.

In today's landscape, a startup's ability to scale may come down to something it rarely budgets for: being insurable on demand.

Source: June 24, 2025 By Bryony Garlick - Insurance Business

UPDATE: DEADLY AIR INDIA CRASH WILL HARDEN AVIATION REINSURANCE MARKET: GLOBALDATA



The fatal crash of Air India flight AI171 on June 12, 2025 is expected to send ripple effects across the global aviation insurance market, significantly affecting insurers and reinsurers in India and globally, according to GlobalData, the London-based data and analytics company.

The accident resulted in the death of 241 passengers and crew members and marks the first-ever fatal hull loss of a Boeing 787-8 Dreamliner, considered one of the most advanced and safest airliners of the company.

"The crash is anticipated to cost the insurance industry more than $200 million, including the aircraft, which is valued between $75 million and $80 million, [as well as] the liability exposure under the Montreal Convention and domestic legislation," commented Swarup Kumar Sahoo, senior insurance analyst at GlobalData, in a statement. "This will harden the 2026 reinsurance renewal as reinsurers are expected to reassess agreement structures."

As per the Montreal Convention, "airlines are liable to pay up to 128,821 Special Drawing Rights (SDRs) per passenger for loss of life. One SDR is around $1.40," Sahoo said in an emailed explanation. "Based on this calculation, the minimum liability cover for passengers will go upwards $40 million. Additionally, under the convention other liability includes loss of baggage, subject to a maximum of SDR1,288 per passenger. However, the actual payout will depend on the coverage purchased by Air India."

On the other hand, Sahoo continued, claims related to third-party property damage and loss of life on the ground may go up to $60 million-$80 million. "In total, including claims on the value of aircraft (hull) of around $80 million, the total claims amount will be more than $200 million," Sahoo said.

India's domestic aviation insurance market's direct written premium (DWP) stood at $127.8 million in 2023, said Sahoo in his commentary, noting that claims "from this single event could potentially exceed the entire domestic annual premium for the aviation market in India."

"As domestic insurers have been ceding more than 95% of their aviation insurance DWP to global reinsurers, the financial burden will predominantly fall on international reinsurers, leading to the hardening of the aviation reinsurance and insurance market," he added.

Although New India Assurance and Tata AIG are the major insurers covering the risk, the impact of this incident on the domestic market is limited as both the insurers generated only 1.1% and 1% of their total insurance premium from aviation and ceded most of it to global reinsurers, said GlobalData, citing statistics from its Insurance Database.

The Indian reinsurer GIC Re is exposed to around 5% of the risks associated with the incident due to the mandatory ceding requirement, GlobalData said.

"Reinsurers are expected to reassess risks associated with wide-body aircraft, recalibrate pricing models, and impose stricter terms," said Sahoo. "This will reinforce market discipline, accelerate the withdrawal of marginal capacity, and reshape aviation reinsurance arrangement negotiations for the 2026 renewal cycle."

Furthermore, the government is considering grounding the Boeing Dreamliner 787-8 fleet, which is expected to increase associated business interruption claims, which will directly affect the profitability of insurers underwriting such risks, the GlobalData report said.

Historically, Indian aviation insurance has been loss-making due to a rise in the number of air accidents, the GlobalData report added.

Prior air accidents, such as accidents damaging the aircraft parts of Jet Airways and SpiceJet (from bird strike, burst tire and a hard landing), as well as the crash of Su-30 fighter jet (in 2018) have made aviation insurance in India loss-making during 2016-2020, said the GlobalData report, noting that this incident will further deteriorate the loss-making Indian aviation insurance market.

(Editor's note: An Air India Express Boeing 737 crashed during landing in Kozhikode in 2020 resulted in the death of 21 people, which had total passenger liability claims payout of an estimated $38 million, according to Sahoo, who quoted market sources).

Source: June 16, 2025 -By L. S. Howard - The Insurance Journal

REINSURANCE NEWS

DESCARTES EXPANDS US FLOOD COVERAGE WITH NEW PARAMETRIC INSURANCE OFFERING

Source: June, 26, 2025 - By Jack Willard - Artemis

Descartes Underwriting, the parametric risk transfer specialist, has announced the launch of a new fully customisable Flood-at-Location parametric flood insurance product for U.S. commercial customers.

Backed by extensive research in flood modeling and advanced sensor systems, Descartes explained that its new offering upends the traditional approach to flood insurance, aiming to deliver better protection for businesses, investors, and homeowners associations.

According to the firm, the product provides coverage for any economic losses resulting from fluvial, pluvial and coastal flooding, with limits of up to $70 million available. Descartes also explained that payment is usually received by the insured within days.

Additionally, coverage can be tailored for one or more locations, and policies can be structured with flexible durations to match project timelines or client preferences, including multi-year terms.

"Additionally, any type of business and industry class may be covered. Any economic loss sustained is insured, including property damage, business interruption, and extra expenses. No direct physical damage is required to trigger a payout," Descartes noted.

The firm continued: "Most importantly, companies with high historical flood losses–oftentimes facing the toughest renewal conditions–gain access to a customized, stable insurance solution. Policies are available in the surplus lines market in all 50 states."

"Flood is often excluded or sub-limited in regular property policies and therefore may require stand-alone flood coverage. Flood-at-Location from Descartes is a superb supplement to Property All Risks insurance. It provides coverage for risks which the National Flood Insurance Program (NFIP) excludes (such as docks, piers, etc.) and can be designed to respond in excess of NFIP's $500,000 limit, with a cost-efficient structure," Descartes further explained.

Daniel Vetter, Head of Americas for Descartes, commented: "This responsive and remarkable new product delivers unparalleled, flexible flood coverage for commercial properties. For all the reasons that conventional insurance for flood is sometimes unsatisfactory–slow claims payments, exclusions, sub-limits, or a lack of availability–this parametric product will fill the existing gap we're seeing in the market."

Kevin Dedieu, Co-founder and Chief Scientific Officer of Descartes, said: "This market-leading coverage follows intensive research and development conducted by Descartes in-house and with our technology partners. We developed this product because our brokers shared with us that commercial flood products available at the time did not meet their clients' needs. We utilized our scientific approach to create this new, highly responsive product which leaves no gaps uninsured."

P&C INSURERS TO DEPLOY AI-POWERED MULTIMODAL TECHNOLOGIES TO COMBAT FRAUD: DELOITTE

By implementing AI-driven technologies across the claims life cycle and integrating real-time analysis from multiple modalities, property and casualty (P&C) insurers could reduce fraudulent claims and save between $80 billion and $160 billion by 2032, according to Deloitte's FSI Predictions 2025 report.

After tax evasion, insurance fraud remains the second-most costly white-collar crime in the U.S. According to the Federal Bureau of Investigation, insurance fraud costs the average American family $400 to $700 annually due to increased premiums to cover the expense.

An estimated 10% of P&C insurance claims are fraudulent, resulting in an annual loss of $122 billion—accounting for 40% of the insurance industry's total fraud losses.

Additionally, the COVID-19 pandemic accelerated digitisation, creating new opportunities for fraudsters while also driving innovative solutions to combat fraud.

The Coalition Against Insurance Fraud reports that 78% of U.S. consumers are concerned about insurance fraud, likely because they recognise that fraud doesn't just affect insurers—the losses are passed on to policyholders through higher premiums.

Deloitte warns that continuing to raise premiums to offset fraud losses is unlikely to be a sustainable strategy for long-term profitability and market share growth.

Instead, insurers should adopt proactive measures to prevent fraud before it occurs, moving beyond traditional rules-based detection methods toward more advanced exposure and prevention techniques.

Deloitte believes that deploying AI-powered multimodal technologies to detect fraudulent behavior across the claims life cycle can significantly reduce this costly drain on consumers.

AI-powered multimodal technologies refer to advanced systems that leverage AI to process and integrate data from multiple modalities or sources—such as text, images, audio, video, and sensor data. By combining and analysing diverse data types, these technologies generate more comprehensive and accurate insights than single-modality systems.

Deloitte explained how AI can help detect and prevent fraud: "AI is equipping insurers with new fraud detection models that can free up human investigators to focus on more complex fraudulent cases across the claims life cycle. By combining AI-driven anti-fraud technologies with advanced data analytics (depending on the law of each jurisdiction), insurers can enhance their capabilities to detect and prevent fraud. This can be beneficial in the property claims and personal auto insurance segments due to their complexity and sheer volume of data, need for real-time processing, and potential for significant cost savings and efficiency improvements.

"Multiple techniques such as automated business rules, embedded AI and machine learning methods, text mining, anomaly detection, and network link analysis could score millions of claims in real time. Combining data from various modalities, such as text, images, audio, and video, could help identify patterns and anomalies and enhance the investigative process by reducing false positives, increasing detection rates of fraudulent claims, and saving on costs associated with fraud investigations. Such techniques must, however, be deployed with effective human oversight and in alignment with the laws of each jurisdiction."

Deloitte noted that future success depends on combining advanced AI with human expertise. Attracting and retaining skilled talent, along with continued investment in automation, will be important for companies aiming to achieve their long-term anti-fraud goals.

Source: June 27, 2025 - Author: Beth Musselwhite