



Legislature of the Virgin Islands

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POST AUDIT DIVISION

February 18, 2026

MEMORANDUM

TO: Honorable Novelle E. Francis, Jr.
Chairperson, Committee on Budget, Appropriations and Finance
36th Legislature of the Virgin Islands

FROM: Post Audit Division

SUBJECT: **Bill No. 36-0236** - An Act amending Title 33 Virgin Islands Code, Subtitle 3 Chapter 111, Section 3061 by increasing the amount of money that is to remain in the Virgin Islands Insurance Guaranty Fund before any interest can be deposited into the General Fund

BACKGROUND AND HISTORY

The Virgin Islands Insurance Guaranty Fund serves as a financial backstop to protect policyholders and claimants in the event of insurer insolvency. Created in accordance with the provisions of Title 22, Chapter 10, the statutory framework currently requires that:

- The fund maintains a principal balance of \$50 million.
- Only interest earned above that threshold may be transferred and deposited into the General Fund.

The proposed amendment increases the minimum retained principal to \$55 million, effectively raising the reserve requirement by \$5 million; reflecting a 10% increase.

Per Bill No. 36-0236; **Title 33, Virgin Islands Code, Subtitle 3, Chapter 111, Section 3061, Subsection (d)** is amended to increase the amount of money that is to remain in the Virgin Islands Insurance Guaranty Fund before any interest can be deposited into the General Fund by striking **\$50,000,000** and inserting **\$55,000,000**; striking languages "equals or" and "said interest" and inserting language "amounts in excess"; and striking the entire subsection (e)

Bill No.36 - 0236 Virgin Islands Insurance Guaranty Fund

Deletions and Insertions are in red

33 V.I.C. § 3061

Statutes current through Act 8856 of the 2024 session of the 35th Legislature, including all code changes through September 10, 2024

Title 33 Virgin Islands Code, Subtitle 3 Chapter 111, Section 3061

§ 3061. Virgin Islands Insurance Guaranty Fund

(a) There is established in the Treasury of the Virgin Islands a fund to be known as the Virgin Islands Insurance Guaranty Fund. The Commissioner of Finance shall provide for the administration of the fund as a separate and distinct fund in the Treasury, and no amounts therein shall be available for expenditure or disbursement except as provided in this section.

(b) Monies contained in the fund shall be used exclusively for transfer, as required, from amounts then on deposit to the Virgin Islands Guaranty Association, established pursuant to Title 22, chapter 10 of this code, for the purpose of payment by the Association of the obligations of insolvent insurers in accordance with the provisions of Title 22, chapter 10. No disbursements from the Fund to the Government or the Association may be made except in accordance with this section and 22 V.I.C. § 237(a)(3)(A).

(c) [Deleted].

(d) The Commissioner of Finance shall deposit the monies contained in the fund in interest earning accounts from time to time as provided in this code, including, without limitation, pursuant to chapter 15 of Title 29, section 928, and chapter 117 of this title. The interest on the monies on deposit in the fund shall also be deposited into the fund until such time as the balance in the fund equals ~~\$50,000,000~~ \$55,000,000. In the event that the balance in the fund ~~equals or exceeds \$50,000,000~~ \$55,000,000, ~~said interest amount in excess~~ shall be deposited into the General Fund, at the direction of the Commissioner of Finance.

~~(e) In the event the balance in the Insurance Guaranty Fund equals or exceeds \$50,000,000, amounts in excess thereof shall be deposited, at the direction of the Commissioner of Finance, into the General Fund.~~

History

—Added July 2, 1984, No. 4969, § 7, Sess. L. 1984, p. 203; amended Sept. 30, 1985, No. 5097, § 7, Sess. L. 1985, p. 134; Jan. 6, 1987, No. 5249, § 7, Sess. L. 1986, p. 443; Aug. 4, 1987, No. 5271, § 4(b), Sess. L. 1987, p. 115; Aug. 29, 1988, No. 5362, § 1(b), Sess. L. 1988, p. 213; Sept. 6, 1990, No. 5610, § 4, Sess. L. 1990, p. 297; Jan. 29, 1996, No. 6091, § 2, Sess. L. 1996, p. 4; Aug. 17, 1999, No. 6287, §§ 20(d), (f), Sess. L. 1999, p. 48; Feb. 10, 2012, No. 7342, 2(a), Sess. L. 2012, p. 2; amended Sept. 30, 2019, No. 8126, § 2(a)–(c), Sess. L. 2018, p. 242; amended Oct. 6, 2019, No. 8214, § 2, Sess. L. 2019, p. 97; amended Oct. 6, 2020, No. 8345, § 2, Sess. L. 2020, p. 131; amended Sept. 27, 2021, No. 8501, § 2, Sess. L. 2021, p. 170; amended Sept. 29, 2022, No. 8642, § 2, Sess. L. 2022, p. 256.

Virgin Islands Code Annotated
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Bill No.36 - 0236 Virgin Islands Insurance Guaranty Fund

ANALYSIS

According to the Department of Finance General Ledger for the quarter ended December 31, 2025:

- Current Fund Balance: **\$60,259,996.37**
- Proposed Obligation under *Bill No. 36-0210*: *\$4,000,000*
- Adjusted Fund Balance (*Once appropriation is executed*): **\$56,259,996.37**

Under current law (**\$50M Retention Requirement**)

$\$56,259,996.37 - \$50,000,000 = \$6,259,996.37$ in excess over the statutory floor.

Under the proposed amendment (**\$55M Retention Requirement**)

$\$56,259,996.37 - \$55,000,000 = \$1,259,996.37$ in excess over the statutory floor.

Based on market performance, increasing the reserve retention requirement reduces the investable principal, which in turn lowers recurring interest revenue and makes General Fund projections less predictable. Given the recent legislation affecting the fund, a single significant insolvency event or large claim could push the fund below its required threshold, potentially triggering additional legislative intervention. As proposed, the measure keeps the fund technically compliant, but leaves it structurally tighter and reduces the amount of interest revenue transferred to the General Fund.

SUMMARY

Bill No. 36-0236, as proposed, strengthens the Fund's reserve capacity by enhancing solvency protections, improving preparedness for large insurer failures, and providing additional cushioning during catastrophic events. However, when considered alongside the pending \$4 million appropriation to the Water and Power Authority, the Fund's effective reserve margin becomes significantly constrained.

The measure also reduces the amount of principal available to generate interest and increases the threshold that must be retained before interest can be transferred. Accordingly, the Post Audit Division recommends continued monitoring and advises against any additional withdrawals in order to preserve the financial integrity of the Virgin Islands Insurance Guaranty Fund.



Theodora Philip, DBA
Post Auditor

Bill No.36 - 0236 Virgin Islands Insurance Guaranty Fund

ADDENDUM

**GOVERNMENT OF THE VIRGIN ISLANDS
VI INSURANCE GUARANTY FUND 582/2108-2109
December 31, 2025**

Beginning Balance from F/Y '24		\$ 55,940,436.56
Revenues F/Y '24	\$ 25,352,367.61	
Adjustment F/Y' 24	184,279.78	
Expenses F/Y '24	<u>(11,000,000.00)</u>	
Net Activity F/Y '24		<u>14,536,647.39</u>
Ending Balance 09/30/2024		<u>70,477,083.95</u>
Beginning Balance from F/Y '25		70,477,083.95
Revenues F/Y '25	24,874,975.02	
Expenses F/Y '25	<u>(23,000,000.00)</u>	
Net Activity F/Y '25		<u>1,874,975.02</u>
Ending Balance 09/30/2025		<u>72,352,058.97</u>
Beginning Balance from F/Y '26		72,352,058.97
Revenues F/Y '26	5,722,158.90	
Expenses F/Y '26	<u>(10,000,000.00)</u>	
Net Activity F/Y '26		<u>(4,277,841.10)</u>
Ending Balance 12/31/2025		<u>\$ 68,074,217.87</u>
Budgeted Balance - Unobligated		(7,814,221.50)
Encumbrances		-
Payment In Process		-
Requisition In Process		-
Available for Budget		<u>\$ 60,259,996.37</u>

Note:

This unaudited balance includes appropriations and encumbrances available but not yet expended

DOF - General Ledger

CD - 01/15/2026