WRITTEN TESTIMONY
Before the Committee on Budget, Appropriations and Finance
36th Legislature of the Virgin Islands
Friday, February 27, 2026 – 10:00 a.m.
St. Thomas, U.S. Virgin Islands

Re: Bill No. 36-0236

Good morning, Chairman Novelle E. Francis, Jr., Senator Kurt A. Vialet, and Honorable members of the Thirty-Sixth Legislature of the Virgin Islands, Committee on Budget, Appropriations and Finance.

My name is **Jeremy Austin**, and I appear before you today in my capacity as **President of Keswick Insurance** and as a **Member and President of the Virgin Islands Insurance Guaranty Association** (the "Association"). I appreciate the opportunity to provide testimony in support of **Bill No. 36-0236**.

Bill No. 36-0236 proposes to amend Title 33, Virgin Islands Code, Subtitle 3, Chapter 111, Section 3061 by increasing the statutory threshold of the Virgin Islands Insurance Guaranty Fund (the "Fund") from **$50,000,000 to $55,000,000**.

Under current law, once the Fund balance equals $50 million, excess funds may be transferred to the General Fund. This bill appropriately increases that threshold to $55 million.

The Virgin Islands Insurance Guaranty Fund exists to protect policyholders and claimants in the event of insurer insolvency. It serves as a financial safety net that ensures valid claims are paid when an insurance company becomes unable to meet its obligations. A strong and adequately funded Guaranty Fund is critical to preserving consumer protection and maintaining confidence in the Virgin Islands insurance marketplace.

The proposed increase from $50 million to $55 million is fiscally responsible and forward-looking for several reasons:

The $50 million threshold was established years ago. Since that time, inflation, increased claim severity, rising reinsurance costs, and greater exposure to catastrophic risk have materially changed the financial landscape. A $55 million reserve more accurately reflects today's risk environment.

A well-capitalized guaranty system signals stability to reinsurers, insurers, and rating agencies. This enhances confidence in the Virgin Islands insurance market and supports continued private-sector participation.

In addition to the proposed amendment, consideration should also be given to increasing the maximum amount payable per covered claim to **$75,000**, up from the current **$50,000** limit established under Title 22, Section 237 of the Virgin Islands Code. As it stands, the maximum amount a policyholder or claimant may receive is **$49,950** ($50,000 less the $50 statutory

deduction). As discussed with the bill sponsor, raising this cap is a critical issue. Construction and rebuilding costs have increased significantly in recent years, frequently exceeding existing policy limits and the current statutory cap. Unfortunately, after Hurricanes Irma and Maria, the statutory cap fell woefully short for many policyholders following the insolvency of Real Legacy Assurance. Adjusting the maximum covered claim amount would better align the statute with present-day economic realities and help ensure that policyholders receive meaningful financial protection when they need it most. This cap has been unchanged since 1985 while the US dollar has experienced a cumulative inflation rate of over 200% since then.

As President of the Virgin Islands Insurance Guaranty Association, I can state unequivocally that this adjustment is consistent with best practices among guaranty associations nationwide. Maintaining a robust reserve protects both consumers and the Territory from potential financial shocks.

In closing, I and the Virgin Islands Insurance Guaranty Association respectfully urge this Committee to support and advance Bill No. 36-0236 with the recommended amendment discussed to increase the maximum per claim payment from $50,000 to $75,000.

Thank you for the opportunity to testify. I am available to answer any questions the Committee may have.

Respectfully submitted,

Jeremy Austin
President, Keswick Insurance
President, Virgin Islands Insurance Guaranty Association