



**Office of the Lieutenant Governor  
Division of Banking, Insurance and  
Financial Regulation**

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**BULLETIN 2023-02**

**TO: Insurance Consumers in the United States Virgin Islands**

**FROM: Tregenza A. Roach, Esq. Lieutenant Governor and Commissioner of Insurance**

**RE: Availability of Windstorm Insurance Coverage in the Territory**

The Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation has received inquiries from the public concerning the availability and increased cost of windstorm insurance coverage for homes in the United States Virgin Islands. This Bulletin serves to advise the public that the Commissioner of Insurance and his staff are aware of both issues and have met with the Virgin Islands Insurance Association (VIA) and admitted Property and Casualty (P&C) insurance companies to confirm those who are still writing coverage, and to work with insurance companies on any rate increase they may need to ensure they can remain profitable and are able to continue to offer coverage in the Territory.

Globally, the insurance market is experiencing a hard market across most lines of insurance business. A hard market is defined as an upswing in the insurance market cycle, when premiums increase, coverage is limited, and coverage for most types of insurance decreases. Unfortunately, due to market forces, combined with an increase in the number of, scale and severity of natural catastrophes such as hurricanes, floods, wildfires and earthquakes, insurance companies have had to increase premiums and/or limit the amount of insurance coverage they make available to the public, thus providing homeowners with fewer choices.

Like Florida and other Caribbean islands in hurricane-prone areas, the Virgin Islands is also feeling the pressures of the hard insurance market, particularly in the homeowners' market. In addition to reduced insurance capacity, some reinsurance companies and direct insurers have pulled out of the insurance market in the Territory, seeking higher profitability elsewhere. The insurance companies that remain in the Territory have been limited in the amount of coverage they can write. Reinsurers have also required insurers to reduce the amount of wooden or mixed frame

construction in their portfolio. The reinsurers have taken the position that wooden structures are more vulnerable to windstorms and so consider them high risk. Thus, persons having these types of construction may experience a non-renewal of their coverage or may be unable to obtain coverage in the admitted market. We continue to raise the issue with insurers to see what relief may be possible.

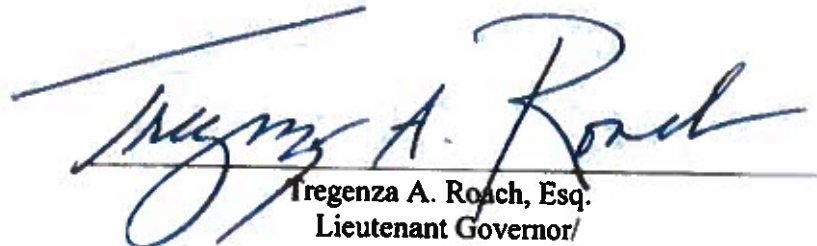
As a result of the current market conditions, the Division has received and approved requests for rate increases from some insurers. To strike a balance, the Division has granted partial rate increases to maintain insurance coverage in the Virgin Islands. However, even with the increases granted, some insurance companies have indicated that their reinsurance companies have advised them that the increases granted are insufficient and further increases are needed.

To that end, I encourage policyholders to ensure your policy is timely renewed because if it is not renewed you may have difficulty securing homeowners' insurance due to limited capacity in the admitted market, which may result in you having to obtain coverage in the surplus lines market. Virgin Islanders who are seeking to purchase homeowners' insurance should contact an insurance producer to determine the availability of coverage with either insurers that are licensed in the Territory, or insurers who are not licensed but are able to provide coverage through their surplus lines products.

Questions regarding this Bulletin may be directed to the Division of Banking, Insurance and Financial Regulation by calling Acting Director Glendina P. Matthew, Esq. at (340)773-6459.

Dated the 7th day of July 2023, at St. Thomas, U.S. Virgin Islands



  
Tregenza A. Roach, Esq.  
Lieutenant Governor/  
Commissioner of Insurance