

**TESTIMONY**  
**PROVIDED BY THE**  
**OFFICE OF THE LIEUTENANT GOVERNOR**  
**DIVISION OF BANKING, INSURANCE AND FINANCIAL REGULATION**  
**BEFORE THE**  
**THIRTY-SIXTH LEGISLATURE OF THE VIRGIN ISLANDS**  
**COMMITTEE ON HOUSING, TRANSPORTATION & TELECOMMUNICATIONS**  
**Wednesday, September 10, 2025**

Good day, Committee Chairman Honorable Marvin A. Blyden and Honorable Members of the Thirty-Sixth Legislature of the Virgin Islands Committee on Housing, Transportation & Telecommunications, other Senators present today, as well as the viewing and listening audience. I am Attorney Glendina P. Matthew, Director of the Division of Banking, Insurance and Financial Regulation (thereinafter “Division”) within the Office of the Lieutenant Governor. I am accompanied virtually by the Division’s Legal Counsel Suzette Richards, Esq,

I most respectfully appear before you today in response to your invitation to provide an update on the issues impacting the residential housing market from the perspective of the Office of the Lieutenant Governor.

As discussed previously, the Division serves as a regulatory agency, with dual responsibility to license and regulate banks, insurance companies and financial services entities and related service providers conducting business in the territory and equally, to serve as a consumer protection agency. The Lieutenant Governor serves as Commissioner of Insurance, Chairman of the Virgin Islands Banking Board, and Administrator of Securities and Unclaimed Property.. Accordingly, my remarks today will focus on two key areas: the cost and availability of insurance and the cost and availability of financing.

## **Accreditation**

We previously advised this body, the Division was pursuing reaccreditation. We are pleased to announce the National Association of Insurance (NAIC), which is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories, has granted reaccreditation to the Virgin Islands Office of the Lieutenant Governor Division of Banking, Insurance and Financial Regulation (Division) for a five-year period.

This milestone was achieved following a comprehensive on-site evaluation and a formal presentation led by Lieutenant Governor Tregenza A. Roach, Esq., along with key members of the Division, during the NAIC Fall National Meeting held on November 16, 2024, in Denver, Colorado. The NAIC's review focused on several core areas, including:

- Financial solvency laws and regulations
- Financial analysis and examination capabilities
- Organizational and personnel practices
- Primary licensing, re-domestications, and change of control of domestic insurers.

Achieving reaccreditation affirms that the Division adheres to the highest standards of insurance regulation. It enables other jurisdictions to rely on our financial examinations of domestic multi-state insurers and reinforces confidence among industry stakeholders in the strength of our regulatory framework. With this status, we are optimistic about increased interest from property and casualty insurers seeking licensure in the Virgin Islands. To date, we have ninety-eight licensed Property & Casualty companies, two of which are new to the Territory.

### **Cost and Availability of Insurance**

At last year's hearing, this Committee expressed significant concern about homeowners' insurance, specifically the rising premiums, limited availability of new policies, and the difficulty of obtaining coverage for wooden structures.

We are encouraged to report signs of market stabilization:

- In 2024, only one request for a rate increase was submitted; it was partially approved at 3%.
- This year, no property and casualty insurance companies requested rate increases.
- One insurer has proposed a modest rate reduction after restructuring its reinsurance program.

The Division remains in active communication with the insurance industry. We recently convened meetings with both admitted insurers and surplus lines carriers who are major market participants in the Territory. These meetings focused on hurricane season preparedness and market capacity. Encouragingly, the insurers reported that their capacity to write new business has improved. Unlike last year, there is now adequate market capacity for homeowners' coverage except for wooden and mixed-frame structures.

That said, even in this traditionally challenging segment, conditions are improving. For persons needing coverage for wooden structures there is still some good news because there is no longer an outright inability to obtain homeowner's coverage on wooden structures. There are insurers that will consider underwriting wooden structures based on the condition of the structure. Thus, the Division encourages persons needing to purchase insurance for wooden or mixed frame structures to explore multiple carriers, as underwriting guidelines vary by company.

### **Cost and Availability of Financing**

Pursuant to Title 9 of the Virgin Islands Code, the Division of Banking, Insurance and Financial Regulation is the administrative arm of the Virgin Islands Banking Board and is tasked with the licensure and regulation of banks and mortgage lenders conducting business in the Virgin Islands. As the regulatory agency tasked with oversight of these entities, the Board is very cognizant of its role and the role of these lending institutions in the homeownership process.

We encourage prospective homebuyers to consider both traditional banking institutions and licensed mortgage lenders when seeking a mortgage. Each offers unique advantages:

-Mortgage lenders often:

- \*Specializes in home loans, refinances, and occasionally home equity products
- \*Operate without physical branches
- \* Offer a broader range of loan products

Regardless of the lender type, we urge consumers to conduct due diligence and compare financing options among licensed institutions. Additionally, we encourage individuals seeking home financing to adequately prepare by participating in first-time homebuyer education courses, reviewing their credit reports, obtaining prequalification from lenders, and assessing their overall financial readiness.

This year, the Board renewed the licenses of five banks, and approximately thirty mortgage lenders conducting business in the territory, increasing the mortgage lending capacity of individuals seeking to obtain a mortgage. Of note, six of these lenders are also participants in the VI Slice Moderate Income Homeownership program, which supports:

- Home Purchase with Rehabilitation
- New Home Construction

- Down Payment & Closing Costs Assistance

Our discussion last year focused on increasing interest and inflationary rates to avoid a recession. Since then, we have seen some improvement, but the financial market is still volatile. As of September 4, 2025, the Primary Mortgage Market Survey reported a U.S. weekly average for a 30-year mortgage at 6.5% and a 15-year mortgage at 5.6%, which has been trending downward. The current Federal Fund Rate remained unchanged for several months and is at 4.33% as of September 5, 2025. The U.S. Prime Rate also stood at 7.50% since December 19, 2024. These rates directly and indirectly affect consumer loans, including credit cards, home equity lines of credit (HELOCs), and some adjustable-rate mortgages (ARMs).

Thus, Virgin Islanders, determined to be creditworthy, and desiring to purchase a home should experience a slight decline in mortgage interest rates offered by financial institutions; thereby, decreasing the cost to purchase a home. Financial institutions will consider your credit score, down payment, amount of loan, and debt-to-income ratio, as well as broader economic factors like the Federal Reserve's policy, inflation and the overall health of the economy and housing market in determining your creditworthiness. Although mortgage lending capacity has increased and interest rates have seen a modest reduction, the ability to purchase a home remains a challenge in many states and territories, including the Virgin Islands. Factors such as high construction costs, limited inventory, the cost of importing materials, the cost of property insurance and rebuilding continues to distress the territory.

In conclusion, the Division will continue to monitor these industries as the economic market is still volatile, with economic uncertainty, geopolitical tensions and shifting trade patterns. I would like to thank Chairman Blyden and members of this Committee for inviting the Division

to this meeting to provide an update on the issues impacting the insurance and financial markets.

This concluded my testimony, and I am prepared to respond to your questions. If members of the listening audience you would like to visit the Division's St. Croix Office, we are now located at the Old Caribe building at Castle Coakley on the 2<sup>nd</sup> floor.