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## **News Story**

**To News Editor**

**For Immediate Release**

### **Hurricane Havoc Triggers Property Insurance Rate Increase**

Pressure from international reinsurers is forcing a rise in Jamaican property insurance rates, says Mr Peter Levy, Vice President of the **Insurance Association of Jamaica (IAJ)**.

Reinsurers are raising their prices to local insurance companies in an attempt to recover from the massive losses they suffered during the recently concluded hurricane season, Mr Levy stated. General insurers in Jamaica, whose property portfolios are protected by reinsurance, have had to pass on their increased costs to their clients.

"Jamaican customers can expect their premium rates to go up some 30 percent to 35 percent," Mr. Levy stated. "The increase will be even higher in territories where there were direct hits."

While Jamaica was not directly impacted by any of the 2017 hurricanes, the country faces similar risks to Puerto Rico, Dominica and St. Maarten, which suffered devastating blows, the IAJ Vice President explained. He pointed out that reinsurers pool the premiums from all of their customers, to be able to pay for the claims of those suffering damage.

The principle of reinsurance, just like insurance, is one of pooling, he said. When there is catastrophic loss, the burden is shared so that individual customers, companies and indeed countries can recover.

"After several years of significant reductions in insurance prices, higher rates are now being demanded for coverage when local insurers negotiate with overseas reinsurers," Mr Levy stated. "With most of the property insurance risk in the hands of these reinsurers, the local industry has had to raise its rates."

Without reinsurance we would be financially overwhelmed in the event of a disaster, adding, "Reinsurers often increase prices after major catastrophes in order to recover their capital loss and we have to play our part in making them whole again, so that we can continue to benefit from the protection that they provide."

"Up to this year, insurance rates have been at their lowest levels in recent memory. Unfortunately, after the most active hurricane season in more than a decade, that has all changed. Reinsurers expect Jamaican rates to return to the level that they were in the mid-2000s", Mr. Levy explained. Hurricane Sandy in 2012 was the last major hurricane to affect Jamaica, while we were spared the wrath of Mathew in 2016.

The National Hurricane Center in Miami said in a statement that the 2017 season was the most active since 2005; and the 7th most active on record in the basin, behind 1933, 2005, 1893, 1926, 1995, and 2004.

**Lloyd's**, the leading international reinsurance market, recently reported that it has so far paid claims worth US\$1.7 billion, to cover damage from **Hurricanes Harvey, Irma and Maria**.

German reinsurer **Munich Re** announced in November that it faced US\$3.72 billion in claims, mostly from **Hurricanes Harvey, Irma, and Maria**, according to *Insurance Business magazine*. The Insurance Journal estimated that this year's Atlantic hurricane season was the most expensive on record for the sector, costing \$202.6 billion in damages.

Running from June 1 to November 30, the hurricane season had **17 named storms, ten hurricanes, and six major hurricanes**. This was substantially higher than the long-term average of 12 named storms, six hurricanes, and three major hurricanes, the National Hurricane Centre maintained.

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