

43 VICTORIA STREET
HAMILTON 12
BERMUDA

PHONE: (441) 295-5278
FAX: (441) 292-7471
EMAIL: enquiries@bma.bm



PRESS RELEASE

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Bermuda (Re)insurers Provide Relief to US Customers from Loss Exposure to Texas Winter Storm Uri

HAMILTON, BERMUDA - Bermuda (re)insurers have estimated that they will incur gross claim losses of US\$2.7 billion as payments to United States policyholders/cedants to cover the damaging effects of Winter Storm Uri, which wreaked havoc in the southern region of the US, particularly Texas. This is according to commercial market claims data collected by the Bermuda Monetary Authority (Authority or BMA) in May 2021. As of 31 March 2021, reinsurers had paid losses relating to Winter Storm Uri totalling US\$62 million.

Based on publicly available estimates from catastrophe risk modellers and insurance industry analysts, (re)insurance losses resulting from Uri are expected to be in the US\$10 billion to \$20 billion range¹. Consequently, Bermuda (re)insurers may end up incurring as much as 20% of the industry losses from Winter Storm Uri.

Gerald Gakundi, Director, Insurance Supervision, said, “The \$2.7 billion or potentially 20% of Winter Storm Uri losses expected to be incurred by Bermuda (re)insurers demonstrates the key role Bermuda plays in the supply of risk capacity to the US. These survey results, together with the BMA’s 2017 survey, which revealed that Bermuda reinsurers picked up 30% of the Hurricanes Harvey, Irma and Maria industry losses from the 2017 record-setting hurricane season, show the significance of the Bermuda (re)insurance market’s contribution to the US. The ability of US insurers to cede risk to Bermuda enables diversification of risk globally, making the cost of buying insurance—particularly property/catastrophe insurance—more affordable to customers living in US danger zones.”

This information comes from the BMA’s US Data Claims Survey completed in May. The loss information includes both direct insurance and reinsurance, with 42 commercial (re)insurance companies responding to the survey. “The Authority is grateful to the companies that took part in the survey,” Mr. Gakundi said.

Media Contact: Marianne Suschak-Matvey, Director, Communications and Public Relations; Direct line: (441) 278-0642; Cellular: (441)704-4117; E-mail: msmatvey@bma.bm

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¹ <https://www.insurancejournal.com/news/southcentral/2021/03/01/603269.htm>