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## PRESS RELEASE

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### **Bermuda (Re)insurers Provide Relief to United States Customers from Loss Exposure to Hurricane Ida**

HAMILTON, BERMUDA – Bermuda (re)insurers estimate that they will incur gross claim losses of US\$6 billion as payments to United States (US) policyholders and cedants to cover the damaging effects of Hurricane Ida, which became the second most destructive hurricane to make landfall in Louisiana, behind Hurricane Katrina in 2005. This is according to commercial insurers market claims data<sup>1</sup> collected by the Bermuda Monetary Authority (Authority or BMA) in November 2021. As of 30 September 2021, reinsurers had paid US\$168 million in losses relating to Hurricane Ida.

Based on publicly available estimates from catastrophe risk modellers, (re)insurance losses resulting from Hurricane Ida are expected to total between US\$20 billion and US\$44 billion<sup>2</sup>. The overall industry loss estimate for Hurricane Ida includes wind and storm surge losses in the Gulf of Mexico as well as losses from inland flooding in the Gulf Coast states (Alabama, Florida, Louisiana and Mississippi), Ohio Valley, Mid-Atlantic, and Northeast regions of the US. Consequently, Bermuda (re)insurers may incur as much as 30% of the industry losses from Hurricane Ida.

Gerald Gakundi, Director, Supervision (Insurance), said, “The US\$6 billion or potentially 30% of Hurricane Ida losses expected to be incurred by Bermuda (re)insurers is more than double the US\$2.7 billion (representing 20% of industry losses) the (re)insurers expected to pay for the 2021 Texas Winter Storm Uri. Additionally, as the Authority reported in August 2021, Bermuda (re)insurers paid out US\$209.6 billion to US policyholders and cedants for large catastrophes, property and casualty losses and life insurance claims during the five-year period from 2016 to 2020<sup>3</sup>. These demonstrate the key role Bermuda plays in the supply of risk capacity to the US.”

Craig Swan, Chief Executive Officer, added, “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

<sup>1</sup> The data does not include exposure to Hurricane Ida losses covered by the Bermuda insurance-linked securities sector. Including losses covered by this sector in the data would result in even larger estimates of incurred gross losses and claims paid.

<sup>2</sup> (i) <https://www.rms.com/newsroom/press-releases/press-detail/2021-09-16/rms-estimates-us31-44-billion-in-total-us-onshore-and-offshore-insured-losses-from-hurricane-ida>; (ii) <https://www.insurancejournal.com/news/national/2021/09/13/631269.htm>

<sup>3</sup> <https://www.bma.bm/viewPDF/documents/2021-08-23-16-58-30-Press-Release---United-States-Remains-Bermudas-Biggest-Reinsurance-Partner.pdf>

the 2017 record-setting hurricane season, show that Bermuda is a reliable partner to the US, with resilient (re)insurers who can provide significant protection to policyholders to alleviate the damaging effects of catastrophes and climate change. In addition, 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 November. The loss information includes both direct insurance and reinsurance, with 47 commercial (re)insurance companies responding to the survey. “The Authority is grateful to the companies that took part in the survey,” Mr. Gakundi said.

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