

43 VICTORIA STREET
HAMILTON 12
BERMUDA

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



PRESS RELEASE

For Release: Tuesday, 6 December 2022

Bermuda (Re)insurers Expect to Pay a Significant Portion of Hurricane Ian Losses

HAMILTON, BERMUDA – Bermuda (re)insurers estimate that they will incur gross claim losses of more than US\$13 billion in payments to policyholders and cedants in the United States (US) to cover the damaging effects of Hurricane Ian. The September 2022 hurricane made landfall in Florida and the Carolinas, causing catastrophic damage to property and loss of human life. This loss estimate is according to commercial insurers’ market claims data collected by the Bermuda Monetary Authority (Authority or BMA) in November 2022.¹

Based on publicly available estimates from catastrophe risk modellers and insurance industry analysts, (re)insurance losses resulting from Hurricane Ian are expected to total between US\$50 billion and US\$75 billion.² Consequently, Bermuda (re)insurers may incur as much as 25% of the industry losses. The overall industry loss estimate for Hurricane Ian includes wind, storm surge and inland flooding losses in Florida, South Carolina, North Carolina, Georgia and Virginia.

Craig Swan, BMA Chief Executive Officer, said, “The survey results demonstrate Bermuda’s steadfast role in supplying risk capacity to the US and other catastrophe-exposed parts of the world. This role’s importance is heightened by the increasing frequency and intensity of extreme weather events, which continue to exact tremendous human and financial tolls. The ability of US insurers to cede risk to Bermuda enables diversification of risk globally and it helps stabilise the cost of buying insurance—particularly property and catastrophe insurance—for customers living in catastrophe danger zones. Such a partnership bolsters policyholder protection and contributes to closing the protection gap.”

Bermuda has a proven track record of standing by US policyholders when catastrophes occur, with the island’s (re)insurers paying significant portions of insured losses for the costliest weather events in recent history. For

¹ The data does not include exposure to Hurricane Ian losses covered by the majority of insurers in Bermuda’s 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.

² (i) <https://www.insurancebusinessmag.com/us/news/catastrophe/hurricane-ian-pushes-2022-cat-losses-to-115-billion-429370.aspx#:~:text=Hurricane%20Ian%20was%202022's%20most,storm%20surge%20and%20torrential%20rains>; (ii) <https://www.rms.com/newsroom/press-releases/press-detail/2022-10-07/rms-estimates-us67-billion-in-insured-losses-from-hurricane-ian>.

example, Bermuda (re)insurers picked up 30% of hurricanes Harvey, Irma and Maria industry losses from the 2017 record-setting hurricane season; in 2021, Bermuda (re)insurers estimated paying 30% of Hurricane Ida losses and 20% of industry losses for the Texas Winter Storm Uri.

Gerald Gakundi, Director, Supervision (Insurance), added, “We are deeply mindful that the most important consideration after a natural disaster is rebuilding—for the community and the people who comprise it. During such challenging times, Bermuda (re)insurers’ ability to respond quickly in settling potential claims obligations allows for these critical efforts and enhances climate resilience.”

This information comes from the BMA’s US Data Claims Survey completed in November 2022. The loss information includes direct insurance and reinsurance, with 69 (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

-END-