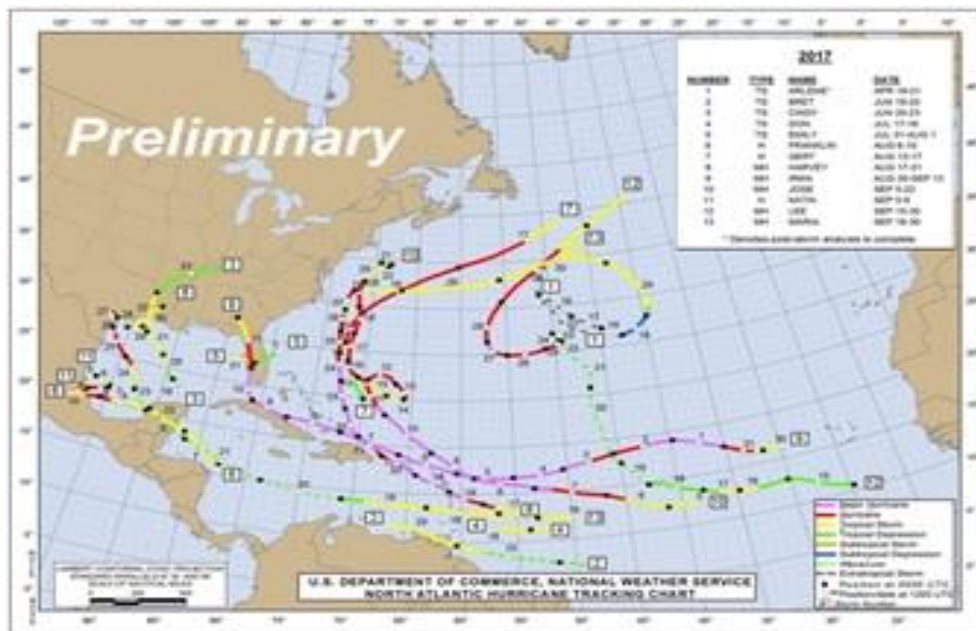


Impact of Recent Hurricane Activity on the Regional Insurance Industry

The 2017 hurricane season has thus far been the third most active on record with more than eight weeks still to go before the official end of the season on Nov. 30. Thus far, this season has produced more tropical cyclones that any other season except for 1933 and 2004, according to the National Hurricane Center. Four tropical cyclones formed in September, all of which became hurricanes, with three growing into major hurricanes. That doesn't even include hurricane Irma and Harvey, which formed in August.



Projected “insured” losses within the Caribbean for the season thus far are estimated on the lower range to be in excess of US\$50 billion. Losses of that magnitude are expected to “wipe-out” more than 15 to 20 years of profits of reinsurers and insurers, who do business within affected

islands. There is also an expectation that for some regional insurers the losses will result in a capital event.

Reinsurers who do business within the Caribbean have been issuing advisories to the regional insurance industry to plan for much higher rates during the upcoming renewal of their reinsurance programs. One major reinsurance provider within the market indicated within their advisory that in light of the current and more recent events that have devastated the Caribbean that insurance premiums across the region will increase and have advised that this increase could range from 20% to more than 200%. It was further noted that increases will not only be seen within islands affected by a windstorm event this season but all islands. The anticipated increase in each island also being dependent on how underpriced the particular island's premium rates are at this point in time.

Within the region and more specifically T&T, insurance rates on average have declined annually for more than ten years and are currently at historical lows. This was due to a number of factors such as excess investment capital and reinsurance capacity and relatively low loss experiences. This trend is certainly anticipated to change over the coming months given recent events. The regional market could also expect some reinsurers to withdraw from the regional or significantly reduce their capacity. This already started last year but with the most recent losses we can expect a bump in the number of withdrawals as well as reduction in capacity for the region.

In light of recent experiences ATTIC is also advising the public to ensure that they review the adequacy of their sums insured as well as the terms

of their insurance policy. Based on initial regional feedback a high percent of policyholders' property and valuable assets in islands devastated by hurricanes were "underinsured" and therefore will be subjected to "average". Policyholders are reminded that they should have a valuation of their property and assets performed regularly to ensure that their sums insured are adequate.

While it may be felt that Trinidad is outside of the hurricane path, we are certainly not totally immune to the effects of those weather systems, as well as other natural disasters. In fact, the UWI Seismic Research Centre has recorded for the period January 6th 2017 to August 31st 2017 eighteen (18) earthquakes ranging from a magnitude of 3.7 to 4.9 on the Richter scale, off the coasts of Trinidad and Tobago. These events are a clarion call for citizens to ensure that they are fully covered to meet the perils associated with these calamitous events and for government to consider placing insurance as one of the key pillars of national disaster recovery management, particularly as it concerns our nation's key infrastructure.