



Association of Trinidad and Tobago Insurance Companies

International Reinsurance market set to impact local insurance rates

The general insurance industry in Trinidad & Tobago and the wider Caribbean, continues to be adversely affected by events in the international insurance and reinsurance markets.

Reinsurance rates over the last few years have been increasing. According to a report by well-known rating agency, Moody's Investor Services Inc., reinsurers have faced "a confluence of impacts" on their business. This includes low interest rates, more than three years of global catastrophe losses and high liability losses due to "social inflation" or increased court judgments and settlements. Further compounding this is the on-going uncertainty surrounding liability for infectious diseases, COVID-19.

Contrary to these international trends, average property insurance premiums in Trinidad and Tobago have declined and are significantly lower than other Caribbean territories. This trend is no longer acceptable for well-known reinsurance supporters of our market. Exacerbating this situation is the long delays in reinsurers being paid because of the constant challenges faced by local insurers in accessing foreign exchange to make reinsurance payments. The combined effect has been the reduction of support by some reinsurers and the ongoing threat by others to fully withdraw from the market.

Local insurers are dependent on international reinsurance for support in the event of a catastrophic event. Reinsurance is also a mandatory regulatory requirement. In recognition of their unique national role in providing policyholder protection, local insurers must ensure that their operations can meet their claim obligations and remain viable.

This is further reinforced by the recent proclamation of the Insurance Act 2018 effective January 1, 2021. The welcomed new Act, whilst strengthening policyholders' protection, further increases local insurance capital requirements and operating costs. Local insurers will nevertheless continue to act in amending local rates, in a reasonable and responsible manner, to ensure that the industry continues to be a position to satisfy its policyholders' obligations.