

INSURANCE COMMISSION OF THE BAHAMAS



NOTICE

To: All Insurers

Date: May 14, 2019

Re: Coronavirus (COVID-19) Directive - Insurers to Request Approval from the Insurance Commission of The Bahamas to Declare and Pay Dividends

In accordance with its mandate the Commission, from time to time, issues directives to promote the safety and soundness of the insurance industry.

With immediate effect, and until further notice, all registered insurers must submit a request for approval prior to the payment of dividends. This directive is not intended to be restrictive, but to give the Commission the opportunity to conduct an immediate analysis of the impact the proposed dividend payment will have on an insurer's liquidity and solvency levels.

All requests for approval to pay dividends must be accompanied by the insurer's most recent management accounts outlining its solvency and liquidity positions. Solvency levels will be assessed against the prescribed capital ratios for long-term and general insurers, respectively.

In light of the abrupt shutdown of economic activity occurring from within The Bahamas the Commission anticipates that the insurance industry, like other financial sector industries, may experience a negative impact to its financial position. The Central Bank of The Bahamas projects that the Bahamian economy will experience some contraction along with a significant increase in unemployment. Accordingly, the insurance industry's resiliency will directly correlate with the length and depth in which this global pandemic will proceed over the coming months.

The Commission strongly encourages all insurers to continue to closely monitor their financial position during this time to ensure that both solvency and liquidity remain adequate to act as a buffer for any losses that may be incurred.

Michele C.E. Fields
Superintendent of Insurance