

IT'S 7 MONTHS INTO 2025 & 7 MONTHS SINCE EFATE SHOOK!



As advised in our previous Newsletter, the Vanuatu Insurance industry has experienced significant movements and change during 2024 and these changes are ongoing and will continue throughout 2025.

The incoming insurers, in the midst of merging offices, systems and policy wordings, in addition to reviewing and ascertaining their risks, were unfortunately also effected by the Earthquake on 17 December 2024.

From VIB and AON's experience, the number of claims from the 17 December 2024 Earthquake far exceeds any other disaster we have managed in Vanuatu over the past 20 years.

We are aware, within our client base, many claims have been fully settled, and of the remaining claims:

- many have received a partial settlement and waiting finalization.
- some are still obtaining quotes.
- some are in the assessment stage.

VIB brokers continue to work relentlessly around the clock facilitating between insurers onshore and offshore, insurance assessors, and engineers whilst focusing on our clients.

CURRENTLY RESIDENT LICENSED INSURERS ARE:

- Alpha Insurance (Vanuatu) Ltd
- Capital Insurance (Vanuatu) Ltd
- Federal Pacific Vanuatu Limited
- Vancare Insurance Limit

Each insurer operates within their own capabilities and have varying risk appetites and policy wordings.

IT IS VITALLY IMPORTANT TO UNDERSTAND:

- What perils you are insured for on your Policy.
- The limits and sums insured on your Policy.
- Excesses applicable at the time of a claim on your Policy.



MATERIAL DAMAGE SUMS INSURED

Insurers offer policies covering material damage of buildings, residential or commercial, depending on the risk location, construction, age, condition. Insurers will offer either replacement cost or indemnity value:

- Replacement cost – reinstatement cost to repair / rebuild
- Indemnity value – depreciated reinstatement cost i.e. depreciated over the period of the building's age.

At the time of a claim, replacement cost is considered as cost to repair/rebuild like for like, whereas in managing an indemnity value policy, the costs to repair/rebuild would be depreciated.

PERILS OFFERED

Standard policies range from 'fire' only to 'most sudden unforeseen incidents'. Depending on the insurer, extensions to policies could include burglary, malicious damage, earthquake, tsunami, cyclone. Policies offered vary greatly, speak to your VIB Broker to review your requirements and ensure the cover you arrange is what you require.

DEDUCTIBLES / EXCESSES

All policies stipulate the excesses payable by the insured in the event of a claim (i.e. the portion of the cost to repair/rebuild carried by the insured).

Insurance policies differ in that natural perils (earthquake/cyclone/tsunami) excesses can range from:

- a % of the loss suffered; or
- a % of the total sum insured on the policy

The wording generally includes a minimum and a maximum excess applicable to the claim.



TERMS OFFERED

As after most Natural Catastrophes, Insurers generally increase their premiums across the board and excesses are also reviewed and amended if required.

To date VIB are seeing premium increases from Insurers, the extent to which they will rise is at this stage still unknown.

Each client's risks and requirements are different and VIB continues to work with all insurers to obtain the most suitable options for each individual client.

Thank you to everyone who has found us at Melcoffe as we continue to work out of our temporary office.

We hope to be settled in our new premises by the start of Mid October 2025.



Watch
THIS SPACE