THE VIB MONITOR
Our Quarterly Newsletter
Issue: Fourth Quarter 2022

ONWARD 2023

We do hope everyone had a safe and relaxing Christmas!

Our Team wishes each and every client a healthy, kind and positive 2023!

Captive Insurance What is it?

VIB is a vibrant team of brokers always listening to our clients. We work hand in hand to provide choices and find solutions. We are very much aware the market has changed considerably and primarily due to catastrophe losses, re insurers / underwriters have increased premiums across the board.

VIB introduced ***Premium Funding*** to ease cash flows and now introduces ***Captive Insurance***.

A captive can be a self-insurance vehicle that help companies keep a cap on rising insurance costs. It can also fill gaps in risk covers left by today's difficult insurance market – where premiums and deductibles/excesses are rising and companies retain more risk on their balance sheet.

Captives are a form of self-insurance where a company sets up its own in-house insurer or reinsurer and manages a portion of its own risk. Captives have saved a number of businesses since the pandemic began – some paid out on claims related to COVID-19, while others used reserves they had built up to keep their parent company afloat.

Should you be interested in obtaining further information please discuss with your broker.

What about MICRO INSURANCE ?

Although Captive Insurance is appropriate for the larger clients, we are able to offer options to our grassroots members with micro insurance packages.

Microinsurance is designed to protect low -income people. Microinsurance offers affordable insurance products to help people cope with and recover from financial losses.

1. ***Last quarter*** we flagged the UN 'Bundled Microinsurance' product providing cover for:
    - 150,000 VT death by any cause;
    - 50,000 VT funeral costs;
    - 150,000 VT disablement from accident 24 hrs a day; and
    - 150,000 VT loss of belongings in house fire

    Policies available for individuals or groups eg group of employees, family members, community group etc. Premiums are approx 1 to 2 shells of kava per week!

    Claims handling – a death certificate is required. Beneficiaries are notified at inception.
    Claims history – to date claims have been managed efficiently with the longest period 1 week.

2. ***This quarter*** a UN partnership has released another micro product, the 'Parametric Microinsurance'.

    Product's Key Points:
    - Covers for loss due to cyclonic winds
    - Live or farm, manage a vessel, or own a business within a kilometre range of the cyclone
    - Individuals or groups eg business list of employees, families, communities
    - Limit of indemnity options:
        - Limit of cover 100,000 VT
        - Limit of cover 50,000 VT

    Premium is approx 10% of limit of indemnity.
    - Claims handling – whether damage or no damage, claims are paid if located within the wind range. Payout is based on the highest wind speed within a kilometre range As per Saffir-Simpson hurricane wind scale –

The development of parametric microinsurance products in the Pacific is an initiative of PICAP – Pacific Insurance and Climate Adaptation Programme – and is jointly administered by the United Nations Capital Development Fund (UNCDF), Development Programme (UNDP), and University Institute for Environment and Human Security (UNU-EHS).




REMINDERS

Cyclone season

Buildings

- All insurers require Engineer's Certificates to obtain cyclone cover
- Certificates are current for 7 years (residential & commercial)
- In the event of a claim, the insurer may request an updated certificate sooner
  Prompts
    - All openings must be covered as approved by the Engineer
    - All items outside of the approved building are not covered

Marine Vessels

- All policies include a cyclone warranty generally to the effect:
    - to be moved and secured (on land, moored) as soon as practical upon first warning of impending cyclone and not moved for entire duration of cyclone mergency.

Aircraft

- All insurers require aircraft to be hangered or appropriately secured upon warning of impending cyclone

Motor vehicles

- Roadworthy & registration due by 31 March annually
- Road traffic checks request: Licence, Insurance, Registration book, Roadworthy documents & sticker
    - Prompts
        - Vanuatu driver's licences are required if resident of Vanuatu for more than 3 months
        - Although a topic of discussion, the Vanuatu Police Force does stipulate a Common Vehicle licence is required to drive a dual cab utility.