AIR cuts Irene Bahamas loss estimate

16 September, 2011

AIR Worldwide has lowered its insured loss estimates for the damage Hurricane Irene caused in the Bahamas to between $200m and $400m.

The risk modelling firm originally estimated that Irene’s rampage through the Bahamas would cost insurers between $300m and $700m.

AIR’s loss estimates for other countries in the Caribbean remain unchanged as do the estimates for losses from Irene in the US.

With the new estimates for the Bahamas, AIR now estimates industry insured losses for all impacted Caribbean countries at between $400m and $800m. AIR’s estimate of insured losses in the US from Irene remains unchanged at between $3bn and $6bn.

The revision for the Bahamas is based on a refinement of information about insurance take-up rates obtained from local experts during AIR’s recent damage survey and a reanalysis of detailed exposure data provided by several companies that together represent a significant portion of the market.

AIR determined that the rate of insurance coverage is not uniform across the Bahamas and significant differences exist between islands.

“In particular, while take-up rates in Nassau and Freeport—which represent the two primary concentrations of exposure in the country—are high, take up rates tend to be much lower in the outer islands where the main impact of Irene was felt,” said Scott Stransky, scientist at AIR Worldwide.