



PRESS RELEASE

CENTRAL BANK RELEASES LESSONS FROM HURRICANE DORIAN

July 12, 2020

The Central Bank has today released a summary of lessons learned regarding financial stability outcomes arising from Hurricane Dorian, and including some early lessons from the Covid-19 outbreak.

The core lessons include:

- Global warming trends are likely to lead to further financial instability, through the increased risk of a catastrophic hurricane striking New Providence.
- The Bahamian financial system and the Central Bank need to consider how to better “storm-proof” ourselves.
- We need to create universally available mobile phone payments in Bahamian Dollars. The national adoption of the Central Bank digital currency should help to address this concern.
- Bahamian insurance arrangements are currently reasonably good, and well-integrated with banking exposures. At the margin, we have identified several steps that would improve the insurance/banking links.
- We must encourage Bahamian households and businesses to better protect themselves from catastrophic financial impacts.
- These protective measures must include purchasing comprehensive insurance coverage, building up in savings, and ensuring that buildings meet relevant codes.
- The Bahamas needs to consider how collective action schemes, for example national catastrophe insurance and reinsurance programs, might improve our national financial resilience.

The Central Bank intends to work with the government, other Bahamian regulators, and the financial services industry to clarify and deliver the reforms necessary to improve our financial resilience in the face of an increased risk of natural disasters.