RoyalStar targets $2m profits boost in Caribbean expansion

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By Neil Hartnell, Tribune Business Editor

A BAHAMIAN insurer is targeting an up to $2m increase in annual profits through expansion “further south” into the Caribbean, as its top executive yesterday asserted: “It’s all hands on deck.”

Anton Saunders, RoyalStar Assurance’s managing director, told Tribune Business that the property and casualty underwriter is presently conducting the “feasibility studies” and other preparatory work before launching ambitions to expand beyond its existing regional presence in Anguilla, the Cayman Island, British and US Virgin Islands and Turks & Caicos.

The move follows a strong 2025 which saw RoyalStar Holdings, the group’s parent company, enjoy a 39.4 percent jump in annual profits to $17.456m compared to $12.521m the year before - an increase of almost $5m. Much of the rise was driven by the insurer’s investments in its affiliates, which include Star General Insurance Agents & Brokers; the Gateway Ascendancy mortgage loan restructurer; and two Cayman-based entities, Vanguard Risk Solutions and RSA Risk Solutions.

The former Cayman affiliate is an insurance broker and agent, while the latter is a captive insurance company. RoyalStar Holdings’ share of its affiliates’ collective profits increased more than six-fold in 2025, surging by almost $3.5m to jump to $4.059m from $673,453 the year before and accounting for the bulk of the parent’s total comprehensive income hike.

And, while RoyalStar Assurance, the group’s property and casualty underwriting entity, saw a flat 2025 with net income slightly down at $10.64m compared to $10.963m in 2024, its parent also enjoyed a more than $1.8m gain on its $12.035m ‘insurance service result’ for last year.

Mr Saunders, who disclosed to this newspaper that RoyalStar Holdings’ 2025 profits exceeded internal budget forecasts and expectations by 15 percent, said the group’s holding company structure has “worked out tremendously for us.” He explained that, by splitting off the insurance underwriter from the group’s non-insurance investments, it has made RoyalStar Assurance “a stable” company that is easier to both regulate and audit.

And it has also aided RoyalStar’s investment strategy. “We were able to divert some of our investment money from The Bahamas,” Mr Saunders explained. “We have investments in Cayman, and we have investments in the US. We have foreign currency from those territories. Because of our overseas companies foreign currency earnings from those territories we are able to invest in the US. We were able to take advantage of that and diversify the investment portfolio away from one territory.”

The RoyalStar chief added that the insurer and its parent have also achieved their long-standing goal of diversifying its business mix, with 55 percent concentrated in The Bahamas and 45 percent in the other territories in which it operates. And it is now looking for even more diversification.

“We have achieved that goal,” Mr Saunders told Tribune Business, “and we’re looking at where we go next. We have some ideas and plans. We are doing the feasibility studies now. We will be expanding into the Caribbean a little more. New markets. We’ll be more south. The reason why we’ll go further south is it doesn’t correlate with our businesses in the north [of the Caribbean]. No overlap.

“This way it doesn’t impact so much. In this business, you will get whacked by a major hurricane but the good thing is you will not get whacked everywhere. The diversification gives us, if a hurricane hits one territory, the other businesses are not impacted so it will not effect us as much as if the businesses

were in one territory." Ensuring that its insurance risks are not concentrated in just one, or a narrow handful of markets, has been a key strategy for RoyalStar to minimise its hurricane exposure.

Mr Saunders said the $523,000 year-over-year jump in RoyalStar Assurance's other operating expenses - from $1.235m in 2024 to $1.749m last year - was driven by higher staff and general and administrative costs related to the insurer's preparations for further Caribbean growth.

"We are planning for our expansion to new territories," he explained, "so to do that we need to hire some resources so we don't over-extend the staff we have now. That is pure planning for the future. We are actively doing our feasibility studies now. Once that is done, and we present it to our Board, and get regulatory approval it's all hands on deck.

"The regulatory approval will be the hardest part. We just have to advise people here [regulators in The Bahamas] of what we are doing. We have to get it from overseas. We can't put a timeline on it. It could take a year. Sometimes, it's from nine months to 15 months. We are starting and doing all the work."

When asked about the expected financial impact from further Caribbean expansion, Mr Saunders replied: "If it pans out, we'll be talking about another $1.5m to $2m to the bottom line of the operating company [RoyalStar Assurance]. The good thing about that is the cash flow it produces. That cash flow can be used for investment purposes." The RoyalStar chief added that, while the insurance underwriter "met our target and budget" for 2025, "the holding company went beyond expectations; I would say probably about 15 percent. The good thing about it is sometimes you are good and lucky. We were good and lucky in 2025; no major storms and all the major investments were positive, so that's a very good boost to the bottom line."

"We can only control stuff we can control," Mr Saunders added. "In the good years, we'll take it. In the bad years, we'll survive. In this business, you will have bad years. The things we don't control, we'll ensure we have reinsurance protection for ourselves and the clients, and don't expose ourselves to bad risks in The Bahamas and other territories."

RoyalStar Holdings owns 80 percent of Star General, and has minority interests in Gateway Ascendancy (45 percent); Vanguard (32.26 percent); and a 19 percent stake in Sandy Shores Developers, a Bahamas-domiciled real estate holding company, as well as owning RSA Risk Solutions. Mr Saunders, though, said he "can say for sure that 2026 will not be as good as 2025 for the holding company side" as these investments are forecast to perform not as strongly this time around.

While RoyalStar Assurance is forecast to match 2025's performance, he added: "If the wind blows in our favour we will have no complaints. Right now, it is all going to depend on what happens between June and November" and hurricane season.

However, Mr Saunders gave businesses and home owners some potential good news by forecasting that property premium prices will likely decrease in 2027 - provided The Bahamas and Caribbean avoid a catastrophic hurricane, and there are no similar disasters elsewhere in the world.

"The reinsurance market is going through a cycle where it's softening a little bit while capacity is returning, and the price pressure is being decreased," he told Tribune Business. "As long as there is no major catastrophe in the world, we see that trend is going to continue and it's going to have a positive impact especially if there is no hurricane in the region next year. We do not control Mother Nature, but if Mother Nature is favourable to us we expect prices to decrease in 2027."