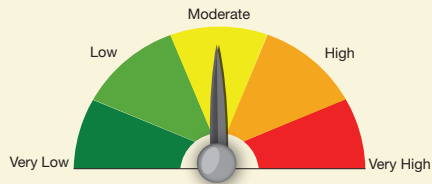


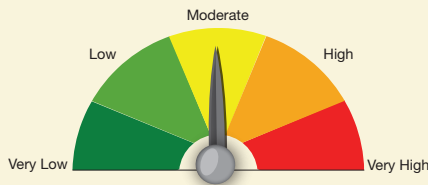
## Country Risk Tier

CRT-3

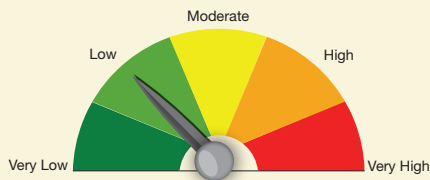
### Economic Risk



### Political Risk



### Financial System Risk



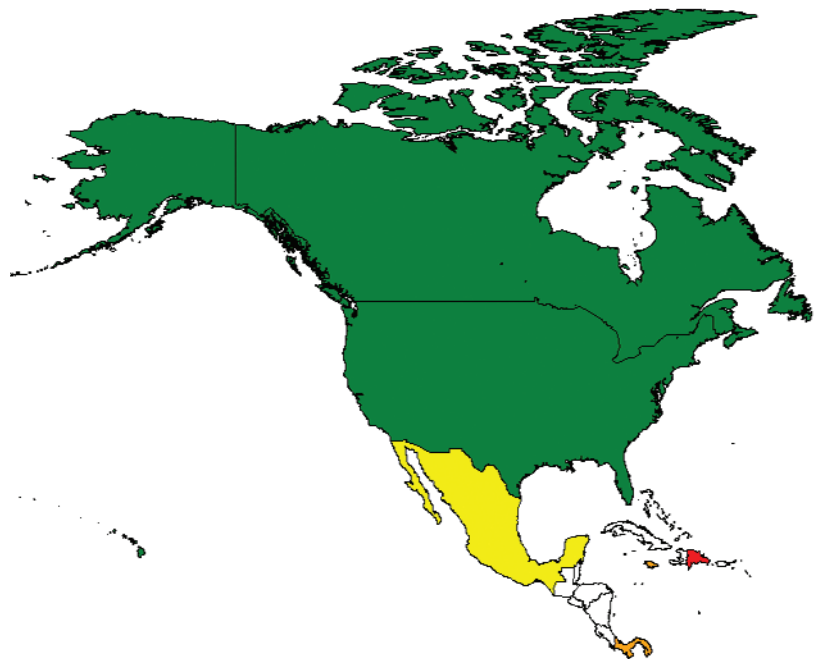
[For information on companies followed](#)

[Market Outlooks](#)

# Netherlands Antilles\*

*\*Following the dissolution of the Netherlands Antilles in October 2010, this report is for the Islands of Curacao and St. Maarten.*

- The Country Risk Tier (CRT) reflects A.M. Best’s assessment of three categories of risk: Economic, Political and Financial System Risk.
- In October 2010, a dissolution agreement was signed that granted status aparte to Curacao and St. Maarten, with the remaining islands becoming a part of the Netherlands.
- The economy contracted by less than 0.1% in 2009 amid the global financial crisis and has since experienced modest growth. The economy is expanding by about 2% in 2011 and this recovery is expected to continue in 2012.
- The map below depicts the countries A.M. Best evaluates in North America, Latin America, and the Caribbean.



CRT    1    2    3    4    5



### Regional Summary: Caribbean

- The countries of the Caribbean vary in cultural origin, economic foundation and population affluence. However, in all cases, their long-term growth and stability is highly dependent upon their larger regional neighbors.
- The Caribbean, excluding the Dominican Republic and Haiti, is expected to grow by about 2% in 2011, as tourism in the region gradually recovers.
- The Caribbean is not rebounding from the economic downturn as quickly as South America and Central America, as there is a more direct impact from loss of tourism revenues and remittances from the United States. The region also faces high government debt and rising food and oil prices, which could drag down the economic recovery.

### Economic Risk: Moderate

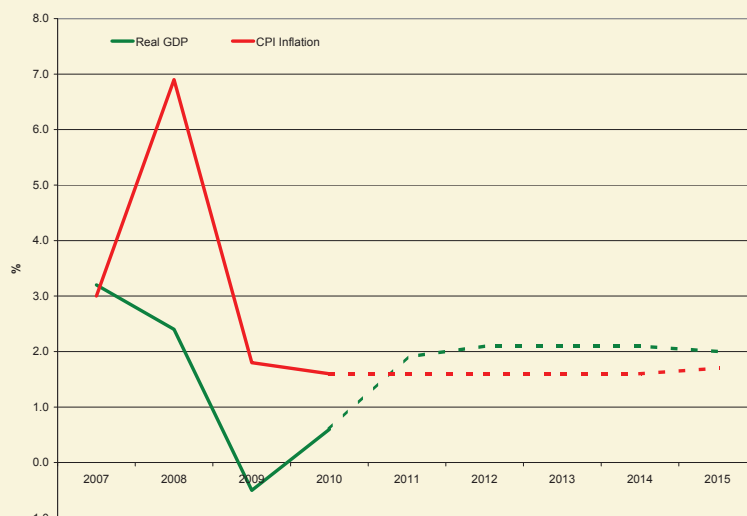
- Tourism, international finance, shipping, and oil refining are the main industries in the Netherlands Antilles.
- Due to the reliance on tourism and oil refining, the sluggish global economic climate (particularly in the eurozone, which is the origin of the majority of tourists to the Netherlands Antilles) resulted in slow economic growth in 2010 and is contributing to modest growth prospects moving forward.

Vital Statistics 2010		
Nominal GDP	USD bn	4.2
Population	mil	0.2
GDP Per Capita	USD	20,817
Real GDP Growth	%	0.6
Inflation Rate	%	1.6
Premiums Written (Life)	USD mil	140
Premiums Written (Non-Life)	USD mil	113
Premiums Growth (07-08)	%	1.7

Regional Comparison	
	Country Risk Tier
Netherlands Antilles	CRT-3
Cayman Islands	CRT-2
Barbados	CRT-2
Antigua & Barbuda	CRT-4
Trinidad and Tobago	CRT-3
Jamaica	CRT-5

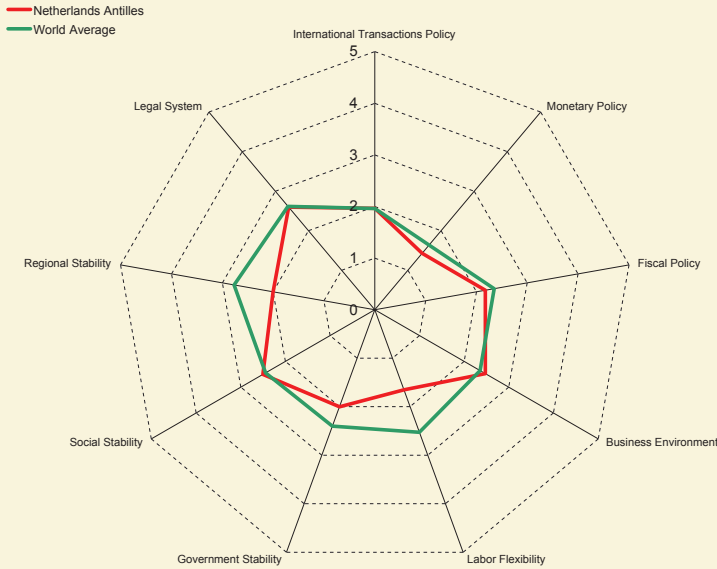
Source: IMF, Axco, Swiss Re and A.M. Best



Source: IMF World Economic Outlook and A.M. Best

### Political Risk Summary

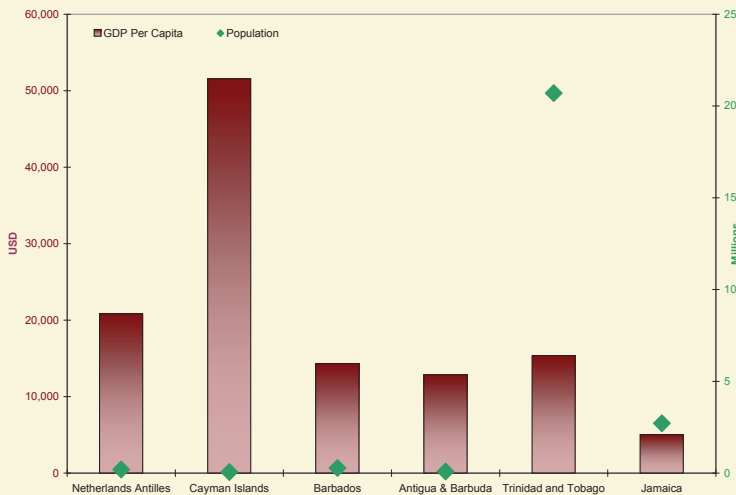
Score 1 (best) to 5 (worst)



Source: A.M. Best

### Political Risk: Moderate

- The islands of Curacao and St. Maarten became autonomous territories within the Dutch Kingdom in October 2010. There has been some political instability during the transition.
- Curacao and St. Maarten have agreed to have a single central bank. The central bank has implemented and maintained tight monetary policies to support the currency’s peg to the U.S. dollar. However, poor tax collection and high social spending contribute to a significant budget deficit.



Source: IMF and A.M. Best

### Financial System Risk: Low

- The newly named Central Bank of Curacao and St. Maarten will serve as the regulator for the insurance industry in Curacao and St. Maarten. The remaining islands will be regulated under the Netherlands regulatory system.

## GUIDE TO BEST'S COUNTRY RISK TIERS

A.M. Best defines country risk as the risk that country-specific factors could adversely affect the claims paying ability of an insurer. Country risk is evaluated and factored into all Best's Credit Ratings. Countries are placed into one of five tiers, ranging from "CRT-1" (Country Risk Tier 1), denoting a stable environment with the least amount of risk, to "CRT-5" (Country Risk Tier 5) for countries that pose the most risk and, therefore, the greatest challenge to an insurer's financial stability, strength and performance.

A.M. Best's Country Risk Tiers are not credit ratings and are not directly comparable to a sovereign debt rating, which evaluates the ability and willingness of a government to service its debt obligations.

### Country Risk Tiers

Country Risk Tier	Definition
CRT-1	Predictable and transparent legal environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.
CRT-2	Predictable and transparent legal environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.
CRT-3	Developing legal environment, legal system and business environment with developing capital markets; developing insurance regulatory structure.
CRT-4	Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.
CRT-5	Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

### Country Risk Reports

A.M. Best Country Risk Reports are designed to provide a brief, high level, explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize A.M. Best's opinion on any particular insurance market, or the prospects for that market.

### Categories of Risk

Country Risk Reports provide "scores" for three categories of risk for each country. These "scores" are: (1) Very Low; (2) Low; (3) Moderate; (4) High and (5) Very High.

Category of Risk	Definition
Economic Risk	The likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, government finances and international transactions, as well as prospects for growth and stability.
Political Risk	The likelihood that government or bureaucratic inefficiencies, societal tensions, inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of the government and society, the effectiveness of international diplomatic relationships, the reliability and integrity of the legal system and of the business infrastructure, the efficiency of the government bureaucracy and the appropriateness and effectiveness of the government's economic policies.
Financial System Risk	Financial system risk (which includes both insurance and non-insurance financial system risk) is the risk that financial volatility may erupt due to inadequate reporting standards, weak banking system or asset markets and/or poor regulatory structure. Along with the risk that the insurance industry's level of development and public awareness, transparent and effective regulation and reporting standards and sophisticated regulatory body will contribute to a volatile financial system and compromise the ability of an insurer to pay claims.

### Political Risk Summary

To provide additional detail on the political risk in a given domicile the Country Risk Reports include the Political Risk Summary. The Political Risk Summary is a radar chart that displays scores for nine different aspects of political risk scored on a scale of 1-5 with 1 being the least amount of risk and 5 being the highest amount of risk.

Category	Definition
International Transactions Policy	Measures the effectiveness of the exchange rate regime and currency management.
Monetary Policy	Measures the ability of a country to effectively implement monetary policy.
Fiscal Policy	Measures the ability of a country to effectively implement fiscal policy.
Business Environment	Measures the overall quality of the business environment, and ease of doing business.
Labor Flexibility	Measures the flexibility of the labor market, including the company's ability to hire and fire employees.
Government Stability	Measures the degree of stability in a government.
Social Stability	Measures the degree of social stability including human development and political rights.
Regional Stability	Measures the degree of stability in the region
Legal System	Measures the transparency and level of corruption in the legal system.

### Country Risk Tier Disclosure

A Country Risk Tier (CRT) is not a credit rating, rather it represents a component of A.M. Best's credit rating methodology that is applied to all insurers. A CRT is not a recommendation to purchase, hold or terminate any security, insurance policy, contract or any other financial obligation issued by a government, an insurer or other rated issuer, nor do they address the suitability of any particular policy, contract or other financial obligation for a specific purpose or purchaser.

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