

BEST'S COUNTRY RISK REPORT

Anguilla CRT-3

August 22, 2018

Region: Caribbean

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects A.M. Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Anguilla is a self-governing British Overseas Territory (BOT), with autonomy over its domestic affairs. The country is currently subject to a moderate level of economic, political, and financial system risk.
- Anguilla's economy was affected negatively in 2017 owing to damages caused by hurricanes. As the country slowly recovers, the economy is expected to expand at a moderate pace.
- The map depicts the Caribbean countries that A.M. Best evaluates.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Caribbean

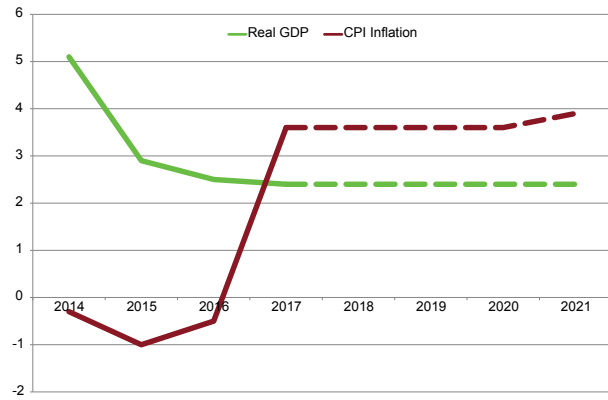
- The countries in the Caribbean vary by cultural origin, economic foundation, and population affluence, but their long-term growth and stability are highly dependent on their larger regional neighbors.
- Countries need to strengthen regional economic integration to become more globally competitive. They need to increase investment and savings, and build up their resilience to external shocks, which includes social, economic, and climate-related events.
- Most of the countries in the Caribbean depend on tourism to generate economic growth. Strong global growth will provide a tailwind for further tourism development. However, recent natural disasters have highlighted the region's dependence on this sector, as well as its continued vulnerability.
- Downside risks include a rise in US trade protectionism, further deterioration in fiscal deficits, and an economic slowdown resulting from either domestic policy uncertainty or a slowdown in global growth.

Vital Statistics 2017		
Nominal GDP	USD bn	0.40
Population	mil	0.02
GDP Per Capita	USD	24,704
Real GDP Growth	%	2.4
Inflation Rate	%	3.6
United Nations Estimates		
Literacy Rate	%	n.a.
Urbanization	%	n.a.
Dependency Ratio	%	n.a.
Life Expectancy	Years	n.a.
Median Age	Years	n.a.
Insurance Statistics		
Insurance Regulator	Anguilla Financial Services Commission	
Premiums Written (Life)	USD mil	n.a.
Premiums Written (Non-Life)	USD mil	n.a.
Premiums Growth (2016 - 2017)	%	n.a.
Regional Comparison		
	Country Risk Tier	
Anguilla	CRT-3	
Antigua & Barbuda	CRT-4	
Barbados	CRT-4	
Curacao	CRT-3	
Saint Lucia	CRT-3	
Saint Martin	CRT-3	

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



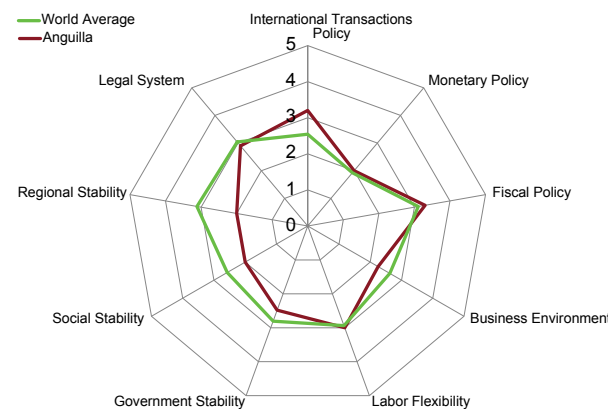
Economic Growth (%)



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

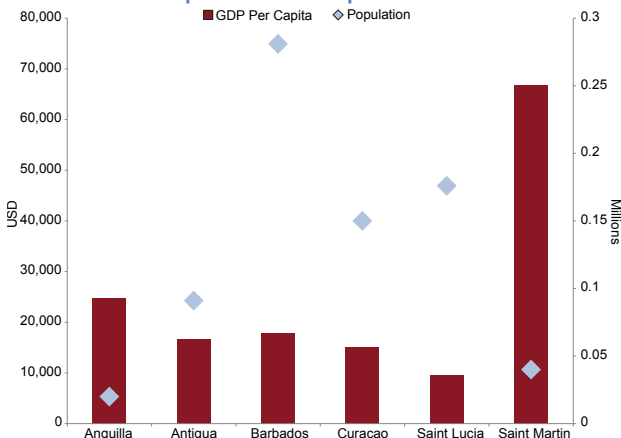
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: A.M. Best

GDP Per Capita and Population



Source: IMF and A.M. Best

Economic Risk: Moderate

- Tourism and offshore banking are Anguilla's two main sectors.
- Both external and public debt burdens are relatively light, and the country enjoys relatively high per-capita GDP by regional standards.
- Hurricane Irma in 2017 brought about disruptions that dampened tourism over the short term. The country's infrastructure is normally good by regional standards, but requires further reconstruction efforts.
- The country's heavy reliance on tourism makes it extremely vulnerable to global economic fluctuations; fortunately, the positive global economic outlook—and US economic growth, specifically—will be supportive of the industry.
- Anguilla's main trade partners include the US and the Caribbean Community States. Because energy products are among the country's primary imports, Anguilla's external account is closely associated with global prices of energy-related commodities.

Political Risk: Moderate

- Anguilla's government is stable. Chief Minister Victor Banks has been in office since 2015, and his party (Anguilla United Front) holds a majority in the House of Assembly. The government is investment-friendly and adopts policies designed to increase foreign direct investment.
- The legislative system is modern and efficient, under the influence and oversight of the United Kingdom, especially for the private sector. The rule of law is strong, and expropriation risks are low.
- The Anguilla Commercial Online Registration Network (ACORN) improves efficiency and ease for businesses.
- Brexit could affect Anguilla's attitude towards its legal relationship with the UK, which adds some political uncertainty.
- Strikes are uncommon, but recent natural disasters may evoke dissatisfaction among the population and trigger protests, although the possibility remains relatively low. Security is not a major concern otherwise.

Financial System Risk: Moderate

- The insurance market in Anguilla is regulated by the Anguilla Financial Services Commission.
- The tax system in place contains no direct income or corporate taxation. The EU does not consider Anguilla to have met its anti-tax avoidance standards, and the UK continues to urge Anguilla to curb tax avoidance as well as offshore financial secrecy, including money laundering.
- Released information on the country's financial position is often not consistent, comprehensive, or timely, adding another layer of uncertainty to observers and investors.