

BEST'S COUNTRY RISK REPORT

Mauritius

CRT-3

August 22, 2018

Region: Africa

[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.
- Mauritius, a CRT-3 country, has moderate levels of political and financial system risk and a high level of economic risk.
- The development of the financial services sector has contributed to the economy's growth. GDP is forecast to grow 3.9% in 2018. Economic expansion will be driven by public investment programs and rising levels of foreign direct investment.
- The majority of countries in Sub-Saharan Africa are categorized as CRT-5, with the exceptions being Mauritius at a CRT-3 and South Africa at a CRT-4.



Economic Risk



Political Risk



Financial System Risk

- 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: Sub-Saharan Africa

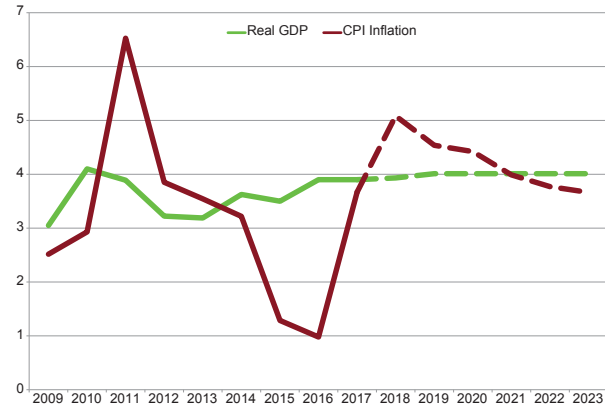
- Africa's growth prospects are expected to improve slightly on rising domestic demand, stronger global growth, a recovery in agricultural production, and modestly increasing commodity prices. However, economic growth continues to lag population growth, making any significant progress towards human development goals difficult.
- The region faces several headwinds that limit potential, including political uncertainty, challenging business environments that erode investor confidence, fiscal pressures, high debt, poverty, growing numbers of refugees, corruption, inadequate infrastructure, and an unstable security environment.
- The IMF estimates that about 40% of the region's low-income countries have a high risk of debt distress or are already in debt distress. A large share of the region's sovereign debt is denominated in foreign currency, and an appreciating dollar/euro would lead to larger debt burdens.

Vital Statistics 2017		
Nominal GDP	USD bn	12.43
Population	mil	1.3
GDP Per Capita	USD	9,794
Real GDP Growth	%	3.9
Inflation Rate	%	3.7
United Nations Estimates		
Literacy Rate	%	92.7
Urbanization	%	39.4
Dependency Ratio	%	41.6
Life Expectancy	Years	75.8
Median Age	Years	35.3
Insurance Statistics - As of 2016		
Insurance Regulator	Financial Services Commission	
Premiums Written (Life)	USD mil	552
Premiums Written (Non-Life)	USD mil	224
Premiums Growth (2016 - 2017)	%	n.a.
Regional Comparison		
		Country Risk Tier
Mauritius		CRT-3
Ghana		CRT-5
Kenya		CRT-5
Morocco		CRT-4
Nigeria		CRT-5
South Africa		CRT-4

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



Economic Growth (%)



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

Economic Risk: High

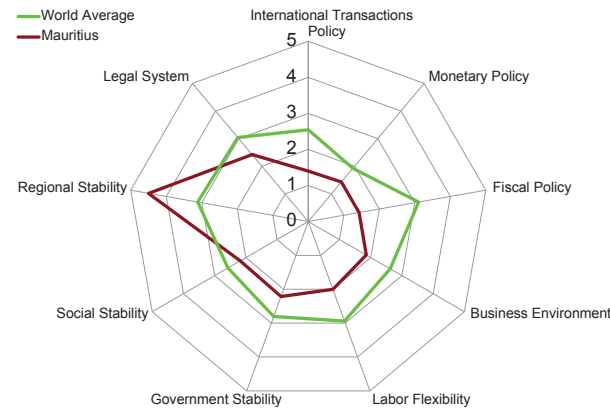
- Mauritius is a small economy and is vulnerable to global economic demand conditions. The EU is an important trading partner, accounting for approximately two-thirds of the country's exports and tourist arrivals.
- Tourism and manufacturing are expected to remain strong owing to sustained external demand, particularly strong from growth in Asia. To diversify the economy, the government is aiming to expand the information technology and communication sectors.
- The financial services sector is well developed, with many offshore entities—many associated with commerce in India. However, the benefit of mitigating tax liabilities has moderated following legislative reforms, which may limit future investment.

Political Risk: Moderate

- Mauritius gained independence from the United Kingdom in 1968. The head of state is the president, but the role is largely ceremonial.
- Former Prime Minister Anerood Jugnauth handed over power to his son, Pravind, who heads the Militant Socialist Movement (MSM) in 2017. MSM currently holds the ruling coalition in parliament, with 51 seats out of 69 total. The next legislative election is scheduled for December 2019.
- In March 2018, President Bibi Ameenah Gurib-Fakim resigned from office amid accusations of financial impropriety. Prime Minister Jugnauth called for her resignation.
- The government seeks to maintain the country's role as a regional investment hub and offshore financial center. Additional goals include lowering unemployment, fostering continued economic development (particularly in the higher value-added services in the private sector), and maintaining stable social institutions.
- Mauritius has a favorable business operating environment. In the most recent World Bank's Ease of Doing Business Survey, the country ranks 25 out of 190 countries. Mauritius is the highest-ranking economy in Sub-Saharan Africa.

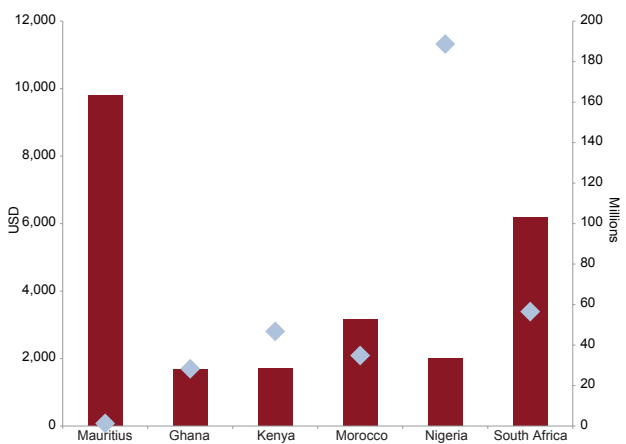
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: A.M. Best

GDP Per Capita and Population



Source: IMF and A.M. Best

Financial System Risk: Moderate

- The financial services industry is regulated by the Financial Services Commission (FSC).
- The IMF has noted that the country has implemented many of the suggestions from its most recent Financial Sector Assessment Program. However, the IMF recommends lowering the high level of non-performing loans in the banking sector.
- As an offshore financial center, the country relies heavily on tax advantages, particularly for non-domiciled companies. There have been some transparency concerns regarding some of the tax treaties. However, the country has largely received an overall compliant rating from the OECD.