Netherlands

CRT-1

August 22, 2018

Region: Europe

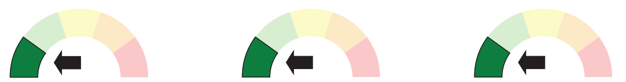
[Country Risk Criteria Procedures](#)

[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.
- The Netherlands is a CRT-1 country, with very low levels of risk in all three categories. It benefits from its central geographical position in the EU, effective government institutions, political stability, an attractive tax regime for foreign investors, a highly educated workforce, and an advanced infrastructure network.
- Economic growth has been driven by government spending, trade, and domestic consumption. GDP growth in 2017 was 3.1%. Medium-term growth is expected to range between 1.5% and 3.0%.
- A.M. Best categorizes the majority of countries in the map as CRT-1 or CRT-2. The notable exceptions are the Eastern European countries of Bosnia and Herzegovina, Belarus, and Ukraine.

Vital Statistics 2017		
Nominal GDP	USD bn	825.75
Population	mil	17.1
GDP Per Capita	USD	48,346
Real GDP Growth	%	3.1
Inflation Rate	%	1.3
United Nations Estimates		
Literacy Rate	%	n.a.
Urbanization	%	91.5
Dependency Ratio	%	53.1
Life Expectancy	Years	81.4
Median Age	Years	42.6
Insurance Statistics		
Insurance Regulator	De Nederlandsche Bank, Netherlands Authority for Financial Markets	
Premiums Written (Life)	USD mil	15,610
Premiums Written (Non-Life)	USD mil	63,404
Premiums Growth (2016 - 2017)	%	-1.7
Regional Comparison		
	Country Risk Tier	
Netherlands	CRT-1	
Belgium	CRT-1	
Denmark	CRT-1	
Germany	CRT-1	
Luxembourg	CRT-1	
Norway	CRT-1	

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



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

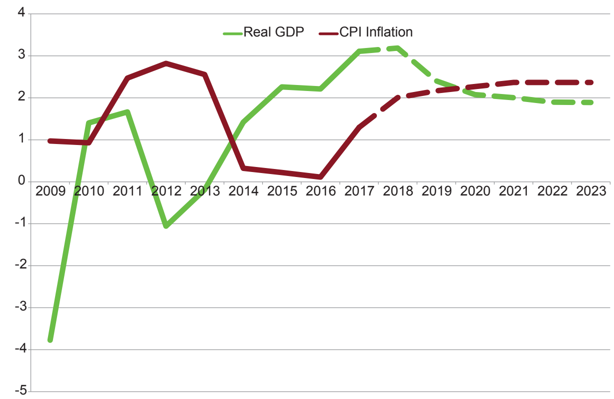
Country Risk Tier 4 (CRT-4) High Level of Country Risk

Country Risk Tier 5 (CRT-5) Very High Level of Country Risk

Regional Summary: Western Europe

- Western Europe is a highly developed and affluent region. The 28 countries of the EU accounted for approximately 21.9% of the world's domestic product in 2016 and 21.6% in 2017, a figure that is projected to grow to 22.5% in 2018.
- Growth has been driven largely by rising domestic demand due to growing consumer and business confidence, lower unemployment rates, and credit growth.
- The European Central Bank (ECB) has decided to end its three-year EUR2.4 trillion quantitative easing program by the end of 2018, although it did signal that any rise in interest rates before September 2019 was unlikely. The policy rate has been below 1.0% since July 2012 and has been at 0.0% since March 2016.
- Concerns include political instability in certain countries, ongoing uncertainty about Brexit and its potential implications, and below-trend growth and inflation.

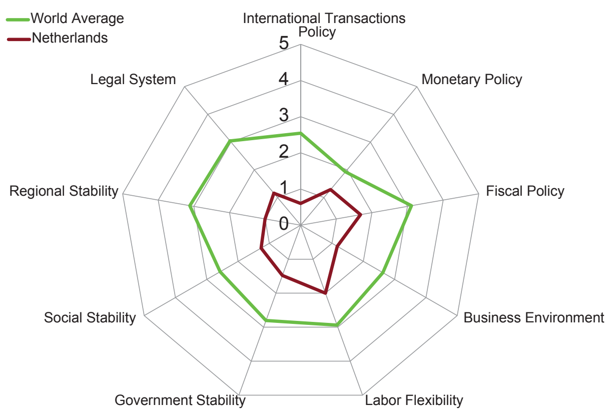
Economic Growth (%)



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

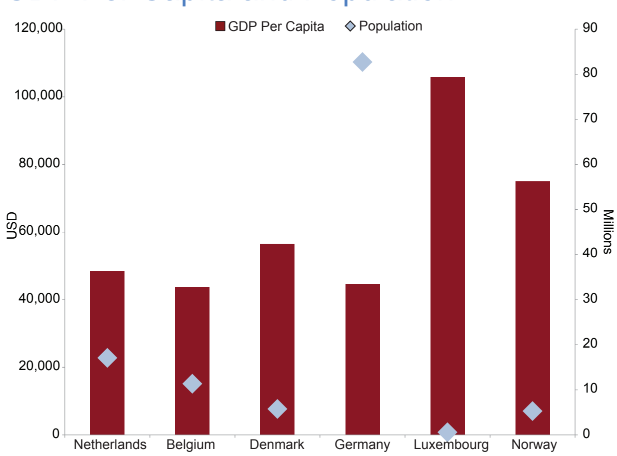
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: A.M. Best

GDP Per Capita and Population



Source: IMF and A.M. Best

Economic Risk: Very Low

- The Netherlands' diversified economy is based on a large agricultural export industry, engineering products, petroleum, and fishing, among other industries. Its economy has recovered gradually since the financial crisis and growth is expected to accelerate in the near term. The export-oriented economy makes the country vulnerable to global demand fluctuations.
- Increased trade protectionist policies are a potential headwind to economic growth due to the Netherlands' open economy and the country's dominant export sector, which accounts for more than 80% of GDP.
- Exports to the United Kingdom (encompassing 9% of total exports) are exposed to risk, given the persistent uncertainty surrounding Brexit.
- Domestic consumption has been supported by low unemployment, rising property prices, and a strong labor market. However, the most recent improvements in the labor market are due to growth in self-employment and temporary contracts.

Political Risk: Very Low

- The Netherlands is a member of the European Union and one of the original 11 countries to adopt the euro as its currency, in 1999.
- The current government is composed of a four-party coalition. The diversity of political views and the one-seat majority in both bodies of parliament make the government vulnerable to opposition pressure, raising political instability risks and resulting in delays in effective policy making.
- The government will continue to pursue policies to maintain its current favorable investment climate and will introduce its spending plans for education, defense, and healthcare.
- The Netherlands has a favorable business environment, ranking 32 out of 190 countries in the most current World Bank Ease of Doing Business Survey. The country remains attractive to foreign investors owing to its preferential taxes, excellent infrastructure, and central European location.

Financial System Risk: Very Low

- The insurance market and financial markets are regulated by De Nederlandsche Bank (DNB).
- The low interest rate environment has created difficulties for the insurance sector, particularly life insurance. The IMF has noted that proposed legislation regarding the recovery of the insurance sector would be a welcome measure.
- The IMF has expressed concern over the high levels of consumer debt and has recommended further tightening of macro-prudential policies in the context of rising housing prices, as well as further comprehensive housing market reforms.