

BEST'S COUNTRY RISK REPORT

Suriname CRT-5

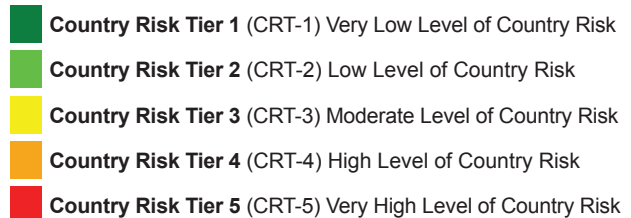
August 22, 2018

Region: Latin America

[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.
- Suriname, a CRT-5 country, has a high level of economic and political risk and a very high level of financial system risk. Suriname's economy will require additional diversification, to ensure long-term inclusive growth. Extractive industries, which currently dominate the economy, leave the country exposed to commodity price fluctuations and variable global demand conditions. Suriname experienced a sharp economic contraction in 2016, but is expected to return to moderate growth in the medium term.
- The map depicts the countries A.M. Best evaluates in Central America, South America and the Caribbean. The majority of Latin American countries are considered CRT-3, CRT-4, or CRT-5, with the notable exception of Chile.



Regional Summary: Latin America

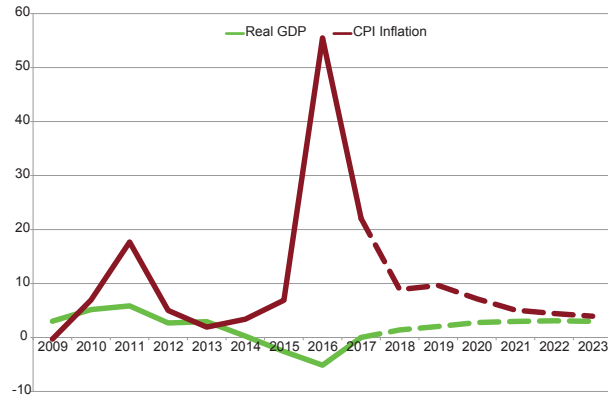
- Growth in the region is likely to continue in 2018 due to expanding global growth, rebounding commodity prices, and strengthening domestic demand. However, risks are tilted to the downside owing to rising domestic political uncertainty, currency volatility, growing trade protectionism, rising fiscal deficits, and negative spillover effects from international financial markets.
- Conditions are largely positive, but several countries in the region are experiencing heightened risk. Years of unsustainable social programs, higher spending, and growing corruption have led to significant challenges for Venezuela, as well as Brazil and Argentina, albeit to a lesser extent.
- So far this year, there have been several presidential elections in Colombia, Mexico, and Venezuela; Brazil's is scheduled for later this year. The election environment is complex owing to mounting social conflicts, corruptions scandals, and policy uncertainty. According to the IMF's 2017 estimates, four countries are responsible for the largest proportion of the region's economic output: Brazil at USD2,055 billion, Mexico at USD1,149 billion, Colombia at USD309 billion, and Venezuela at USD210 billion.

Vital Statistics 2017		
Nominal GDP	USD bn	3.35
Population	mil	0.6
GDP Per Capita	USD	5,746
Real GDP Growth	%	0.0
Inflation Rate	%	22.0
United Nations Estimates		
Literacy Rate	%	95.6
Urbanization	%	66.0
Dependency Ratio	%	50.7
Life Expectancy	Years	72.5
Median Age	Years	29.8
Insurance Statistics		
Insurance Regulator	Central Bank of Suriname	
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	
Suriname	CRT-5	
Brazil	CRT-4	
Colombia	CRT-4	
Ecuador	CRT-5	
Peru	CRT-3	
Venezuela	CRT-5	

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



Economic Growth (%)



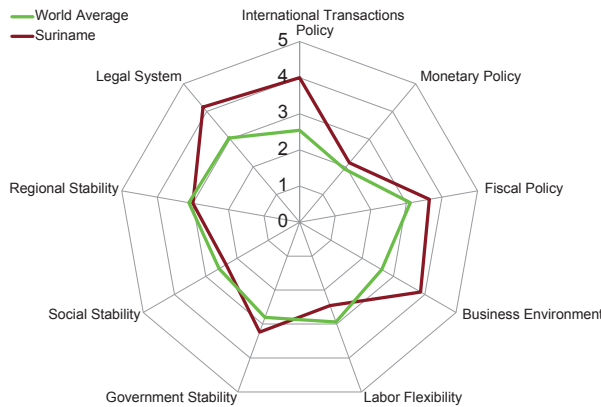
Source: IMF World Economic Outlook and A.M. Best

Economic Risk: High

- Key sectors in Suriname's economy include oil and gold, making the economy highly vulnerable to commodity price shocks. Persistently weak oil prices in 2015 and 2016 resulted in a recession and significant currency weakness. In an effort to revitalize the economy, Suriname free-floated its currency, which resulted in significant inflation.
- Continued economic expansion in the US, the recovery in oil prices, and a more competitive currency have resulted in an economic recovery for Suriname.
- The small population creates a market of limited size. Corruption is widespread and hinders economic progress. Business procedures are slow and bureaucratic. The World Bank's Ease of Doing Business Index ranks Suriname 165 out of 190 countries.
- The government will continue privatization programs in the agriculture and banking sectors. It has also tried to strengthen cooperation between itself and private businesses in projects in the extractive industry.
- The central bank is focusing on improving price and currency stability.

Political Risk Summary

Score 1 (best) to 5 (worst)

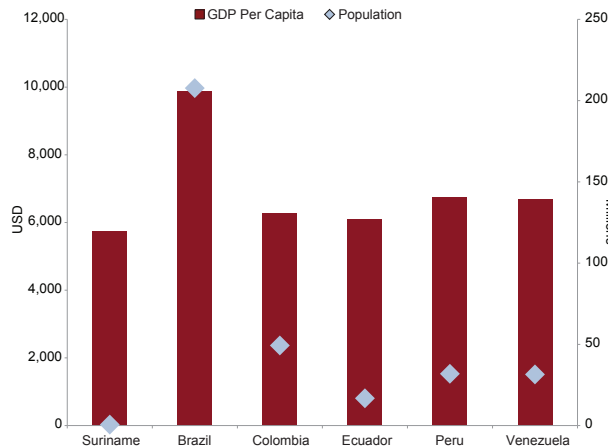


Source: A.M. Best

Political Risk: High

- President Desiré (Dési) Bouterse will face trial in late 2018 for the allegation of murdering political rivals, which could lead to political instability.
- The president has focused on improving the country's economic condition. Significant spending cuts are planned, including the discontinuation of some public services.
- A loan from the International Monetary Fund has been cancelled because Suriname did not implement reforms required by the IMF. Another loan from the ISDB was cancelled in May 2018, allegedly because of changes in project plans.
- Civil unrest owing to the government's austerity measures and currency depreciation are generally peaceful, and demonstrations are unlikely to escalate in 2018. Protest risks are further diminished by increased participation in formal political procedures.
- The legal framework is weak and outdated. Corruption levels are high, and judicial processes are lengthy and inefficient.

GDP Per Capita and Population



Source: IMF and A.M. Best

Financial System Risk: Very High

- The insurance industry in Suriname is regulated by the Central Bank of Suriname. The government is working to strengthen the bank's supervision to enable better preventive and corrective actions.
- The government is pro-business and committed to attracting foreign direct inflows. The fiscal accounts are also relatively well-managed which will help lower debt.
- The IMF has suggested that more active measures targeting the country's high inflation are necessary.