Regional Summary: Caribbean

• The countries in the Caribbean vary by cultural origin, economic foundation, and population affluence, but their long-term growth and stability depend highly on their larger regional neighbors.

• Many Caribbean countries depend on tourism for economic growth. However, natural disasters and the COVID-19 pandemic have highlighted the region’s dependence on this sector, as well as its vulnerability. Those that do not rely on tourism depend largely on commodity exports, which makes them sensitive to global demand conditions. The IMF’s April 2020 report forecasts that economies dependent on tourism will contract by 7.5%, and those dependent on commodity exports will contract by 4.6% in 2020.

• The Caribbean is vulnerable to natural disasters and climate change. Between 2017 and 2019, the region had three Category 5 hurricanes. These weather events have the potential to cause damage equal to, or greater than, the country’s GDP.

<table>
<thead>
<tr>
<th>British Virgin Islands</th>
<th>CRT-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua &amp; Barbuda</td>
<td>CRT-4</td>
</tr>
<tr>
<td>Bahamas</td>
<td>CRT-3</td>
</tr>
<tr>
<td>Barbados</td>
<td>CRT-4</td>
</tr>
<tr>
<td>Cayman Islands</td>
<td>CRT-2</td>
</tr>
<tr>
<td>Turks and Caicos</td>
<td>CRT-3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vital Statistics 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal GDP USD bn</td>
</tr>
<tr>
<td>Population mil</td>
</tr>
<tr>
<td>GDP Per Capita USD</td>
</tr>
<tr>
<td>Real GDP Growth %</td>
</tr>
<tr>
<td>Inflation Rate %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>United Nations Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literacy Rate %</td>
</tr>
<tr>
<td>Urbanization %</td>
</tr>
<tr>
<td>Dependency Ratio %</td>
</tr>
<tr>
<td>Life Expectancy Years</td>
</tr>
<tr>
<td>Median Age Years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurance Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance Regulator</td>
</tr>
<tr>
<td>Financial Services Commission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Premiums Written (Life) USD mil</th>
<th>n.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums Written (Non-Life) USD mil</td>
<td>n.a.</td>
</tr>
<tr>
<td>Premiums Growth %</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: IMF, UN, Swiss Re, Axco and AM Best

Copyright © 2020 A.M. Best Company, Inc. and/or its affiliates. ALL RIGHTS RESERVED. No portion of this content may be reproduced, distributed, or stored in a database or retrieval system, or transmitted in any form or by any means without the prior written permission of AM Best. While the content was obtained from sources believed to be reliable, its accuracy is not guaranteed. For additional details, refer to our Terms of Use available at the AM Best website: www.ambest.com/terms.
Economic Risk: Low

- Tourism accounts for more than half of GDP and approximately a quarter of the country’s employment. The tourism sector will be severely impacted by COVID-19 and highlights the country’s reliance on global demand conditions to drive growth.

- Construction activity increased following the hurricanes of 2017. The World Bank estimates the hurricanes caused economic losses equivalent to 350% of the nation’s annual income. The severe losses highlight the sensitivity of BVIs’ economy to natural disasters.

- By regional standards, the country has a higher GDP per capita and lower unemployment.

- The offshore financial sector is significant and is reported to hold over USD 1 trillion in assets, with approximately four hundred thousand companies. There is no individual or corporate tax, which makes it an attractive jurisdiction. However, the country has been under pressure in recent years to increase regulation and transparency.

Political Risk: Low

- The BVIs are a parliamentary democracy with a high degree of political stability. The UK is responsible for the islands’ international relations and security. The government consists of an elected premier, governor, and House of Assembly. The legal system is based on English common law.

- Andrew Fahie is premier, elected in February 2019. There are two main political parties: Virgin Islands Party (VIP) and the National Democratic Party (NDP). The VIP party is in power.

- Business-friendly changes were recently made to the labor code and the Immigration and Passport Act.

- The government increased its fiscal deficit following the hurricanes due to lower tax collection and the need to fund reconstruction efforts. Mitigating the impact of the pandemic will require more spending.

Financial System Risk: Moderate

- The Financial Services Commission (FSC) regulates financial services companies in the British Virgin Islands.

- The official currency is the USD, which limits monetary policy options, although the use of the USD helps maintain macroeconomic stability.

- The BVI was removed from the EU’s “grey list” of non-cooperative tax jurisdictions in February 2020, following greater compliance with EU regulations.

- The Economic Substance Act, effective January 1, 2019, imposes substantive and comprehensive requirements on legal entities operating in the BVIs, to improve standards as to who qualifies to do business in the BVIs.