

“Dominican Insurance Market”

By:

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(**CADOAR**)

Data on the Dominican Republic and the Insurance Sector

Country data

- **Population: more than 10 million inhabitants**
- **Total area: 48,730 km², 74% of the island shared with Haiti.**

MACROECONOMIC INDEXES AND INSURANCE					
From 1 st January to 31 st December					
In USD					
	2012	2013	2014	2015	2016
Premiums as a % of the GDP	1.25	1.22	1.19	1.20	1.23
Insurance spending per capita	72.30	70.87	77.24	80.55	87.81
Exchange rate	39.30	41.62	43.50	44.99	46.04
GDP growth	3.90	4.10	4.90	7.00	6.60
Inflation	6.24%	7.76%	3.91%	3.88%	1.58%

The Dominican Republic insurance sector

- All insurance activities are regulated by Law No. 146-02.
- This Law excludes Social Security, which has a special Law No. 87-01.
- The regulatory authority is the Superintendence of Insurance which reports to the Ministry of Finance.
- The insurance market is made up of 31 insurers and 2 reinsurers.
- There are more than 900 intermediaries (brokers and agents).
- Direct employment accounts for more than 4,000 people.

The Dominican Republic and the Central American region

CENTRAL AMERICA, PANAMA AND THE DOMINICAN REPUBLIC
 MACROECONOMIC AND INSURANCE PERFORMANCE PER COUNTRY
 FROM 1st JANUARY TO 31st DECEMBER 2016

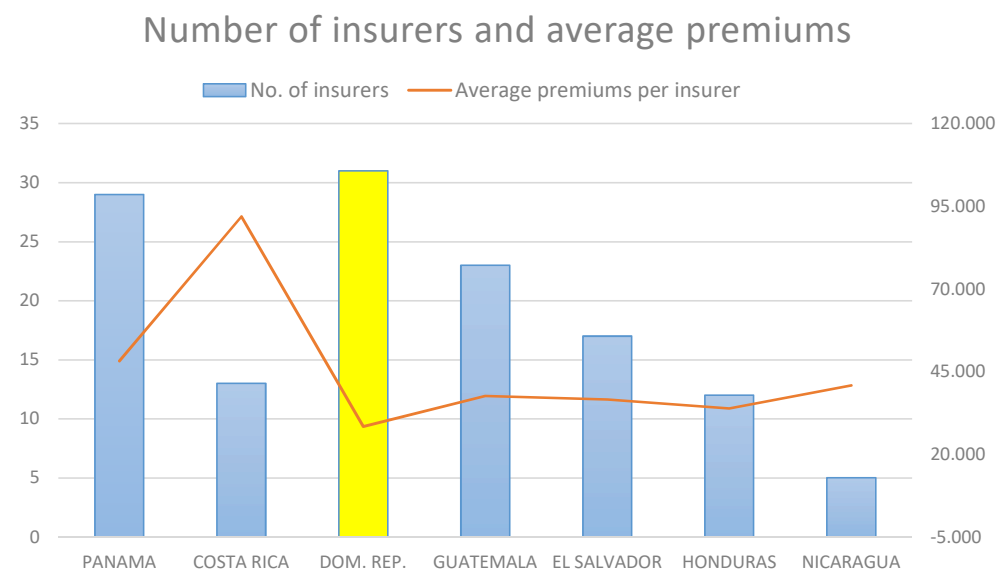
COUNTRY	2015 GDP Growth	2016 GDP Growth	PREMIUM Growth	GDP PER CAPITA	INSURANCE PREMIUMS PER CAPITA	MARKET PENETRATION	INSURANCE PREMIUMS
				UNITS IN USD	UNITS IN USD		MILLION USD
PANAMA	5.2%	5.8%	0.5%	13,917.4	349.79	2.5%	1,396.11
COSTA RICA	4.1%	3.7%	12.6%	11,664.4	245.25	2.1%	1,194.34
DOMINICAN REPUBLIC	6.6%	7.0%	12.0%	7,112.0	87.81	1.2%	879.63
GUATEMALA	3.3%	4.1%	7.2%	4,121.7	51.77	1.3%	864.67
EL SALVADOR	2.2%	2.5%	2.0%	4,234.8	98.18	2.3%	620.94
HONDURAS	3.5%	3.6%	4.3%	2,628.8	49.57	1.9%	405.65
NICARAGUA	4.8%	4.9%	7.1%	2,135.9	33.13	1.6%	203.80
REGION'S AVERAGE	4.2%	4.5%	6.4%	6,545.0	130.79	1.8%	795.02

From the report "Síntesis Desempeño Asegurador en Centroamérica y Panamá" by Enrique J. López, Managua, Nicaragua, C.A. 2017

Number of Insurers in the Dominican Republic

INSURERS ' COUNTRY OF ORIGIN		
COUNTRY OF ORIGIN	No.	Share
Venezuela	5	5.0%
United States	3	1.5%
Spain	1	14.9%
Colombia	1	8.8%
Canada	1	3.2%
Panama	1	2.8%
Total Foreign Insurers	12	36.1%
Local Insurers	19	63.9%
Total Insurers	31	100.0%
Local Reinsurers	2	

Number of Insurers in the Region



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Dominican Insurance Market

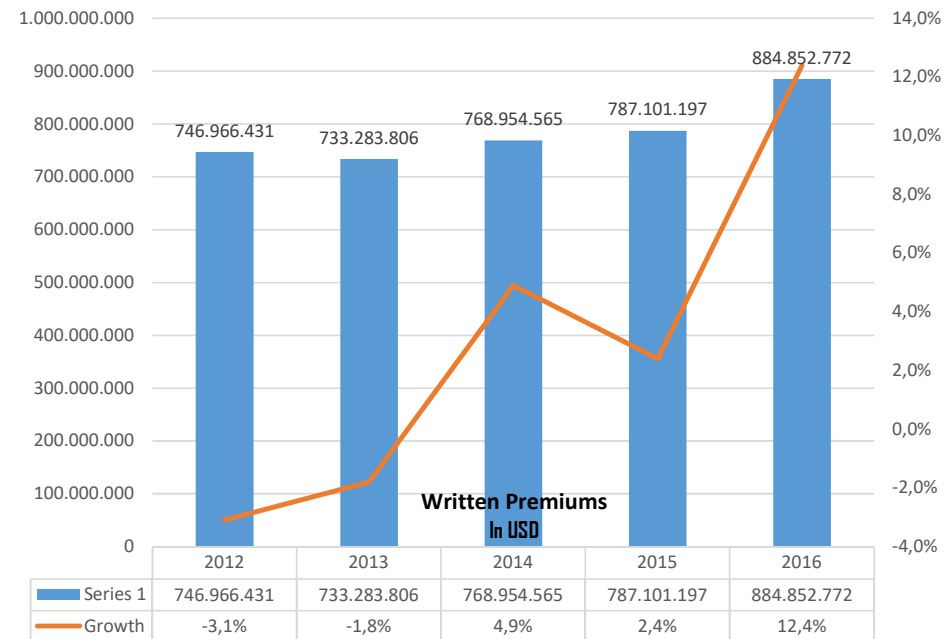
Profit/Loss after Income Tax

		In USD			
	-3.1%	-1.8%	4.9%	2.4%	12.4%
	2012	2013	2014	2015	2016
Underwritten premiums	746,996,431	733,283,806	768,954,565	787,101,197	884,852,772
Ceded premiums	268,388,420	262,102,618	275,672,870	285,563,749	301,241,418
Retained premiums	478,608,011	471,181,187	493,281,695	501,537,448	583,611,354
Net incurred losses	222,005,203	215,231,058	219,507,904	234,022,775	288,676,744
Paid commissions, net	36,489,936	34,112,989	36,576,212	31,549,226	37,083,260
Excess of Loss costs	77,568,686	84,621,921	80,011,150	61,903,115	55,203,034
Increase (Decrease) in Reserves	8,708,446	3,834,585	12,119,434	12,254,867	22,274,828
Total Costs	344,772,271	337,800,554	348,214,699	339,729,983	40,237,865
Technical Results	133,835,740	133,380,633	145,066,996	161,807,464	180,373,489
Administrative Expenses	134,946,500	139,222,067	143,343,539	153,896,964	178,269,388
Technical Results, after expenses	-1,110,759	-5,841,434	1,723,457	7,910,500	2,104,101
Financial income, net	44,603,412	48,080,469	45,010,804	50,990,735	56,517,125
Income tax	7,717,848	11,827,575	11,331,998	13,004,220	12,705,528
Profit/Loss after Income Tax	35,774,805	30,411,461	35,402,263	45,897,015	45,915,698

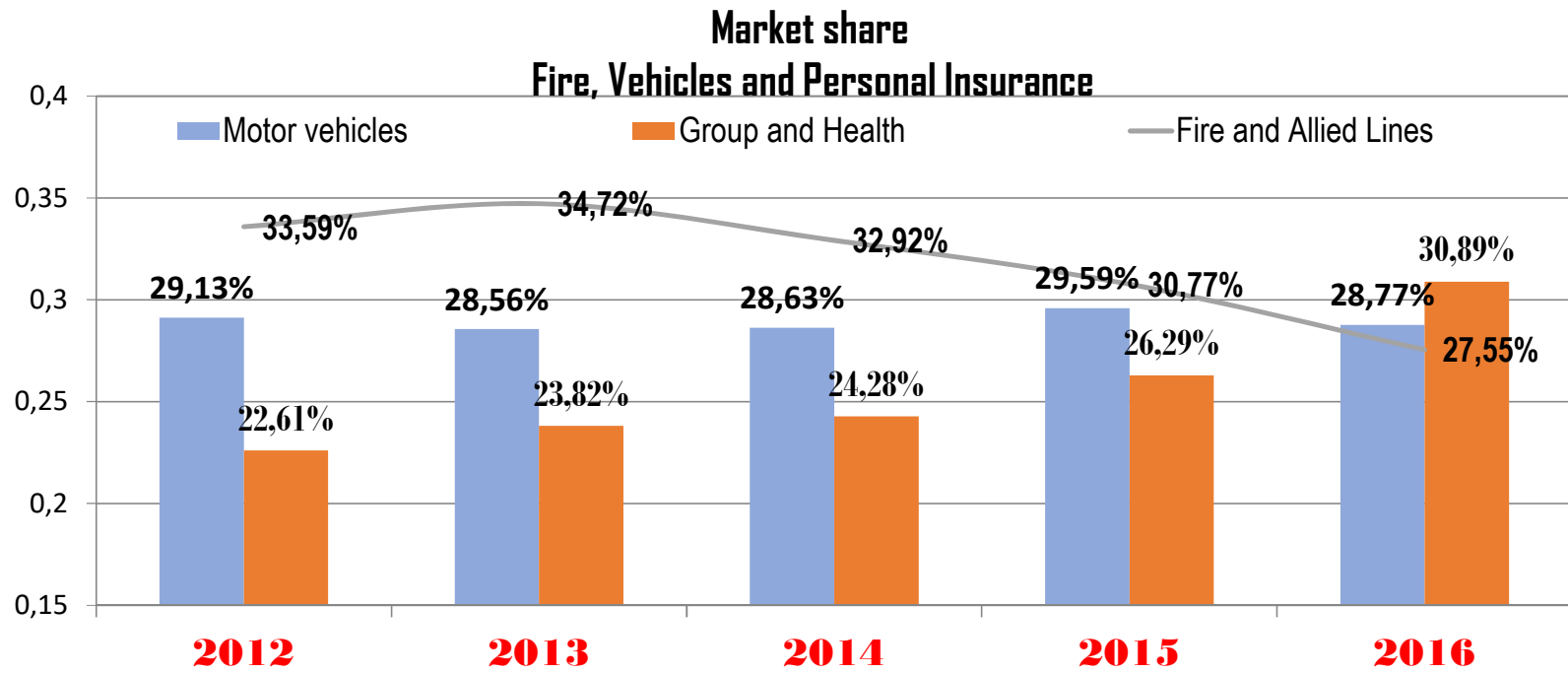
2012-2016 Premiums

Dominican Insurance Market

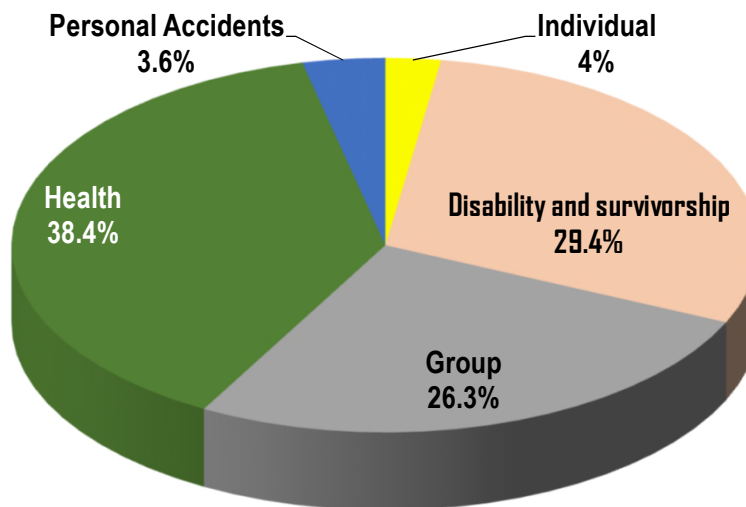
Written Premiums In USD million						
	2012	2013	2014	2015	2016	Share
Motor vehicles	217,619,109	209,390,207	220,154,330	225,041,692	254,532,055	28.8%
Fire and allied lines	250,919,120	254,584,451	253,106,191	242,162,590	243,753,017	27.5%
Group	115,570,537	117,193,419	122,645,872	142,272,238	161,805,669	18.3%
Health	53,348,046	57,505,535	64,079,830	64,643,561	111,535,046	12.6%
Other lines	100,631,279	86,636,729	99,343,196	104,458,511	102,018,404	11.5%
Surety	8,908,341	7,973,465	9,625,145	8,522,605	11,208,581	1.3%
Total	746,996,431	733,283,806	768,954,565	787,101,197	884,852,772	100.0%
Variation	-3.1%	-1.8%	4.9%	2.4%	12.4%	



The most important Lines



Personal Insurance

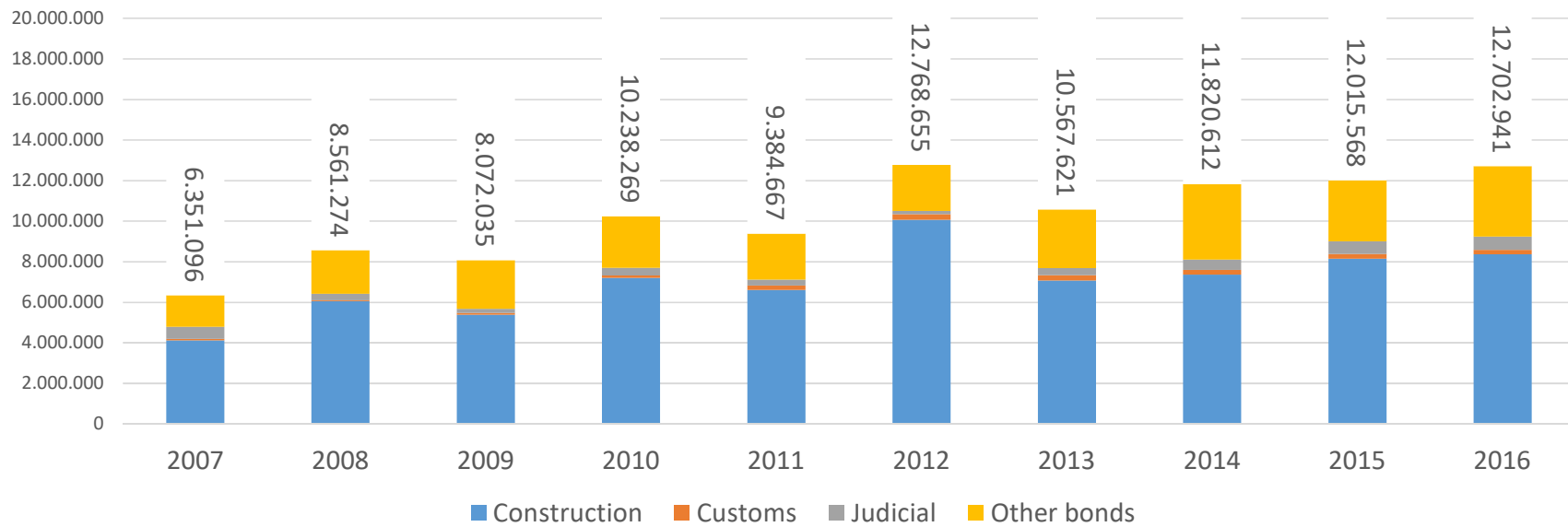


**Written premiums
Personal Insurance
From 1st January to 31 December 2016**

2012-2016 Surety figures

Surety Premiums

In USD



- ## Characteristics of Surety Bonds in the Dominican Republic

They are regulated by Law No. 146-02, on Insurance and Surety Bonds.

The Law forbids insurers to be joint and severally liable, on-demand surety bonds are not allowed.

The surety bond is not delivered until the premium has been paid.

Surety bonds are written within the national territory only.

Right of excussio

“**Section 67.** Insurers are forbidden to be joint and severally liable with the debtor or principal, and therefore the surety bonds written by insurers are subject to the right of excussio provided for in the Civil Code.”

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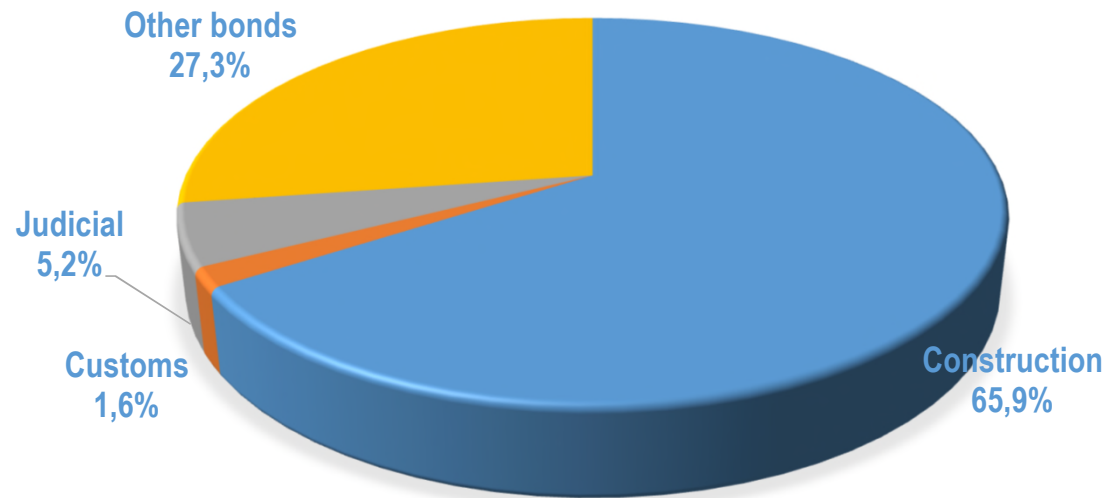
Surety Bond Figures

Total						
Technical Results						
In USD						
		2012	2013	2014	2015	2016
Underwritten premiums		13,130,727	10,567,621	11,820,612	12,015,568	12,702,941
Ceded premiums		5,946,377	5,088,391	5,961,978	7,223,299	7,475,804
Retained premiums		7,184,350	5,479,231	5,858,634	4,792,268	5,227,137
Net incurred losses		11,400	360,507	274,808	289,446	158,931
Paid commissions, net		-489,127	-456,371	-241,689	-232,330	-99,421
Excess of loss costs		197,642	89,800	130,586	75,043	55,799
Increase (decrease) in reserves		827,026	-421,476	245,084	-157,686	230,048
Total Costs		546,941	-427,541	408,789	-25,527	345,357
Technical margin		6,637,410	5,906,772	5,449,845	4,817,795	4,881,780
Technical margin on total income		50.5%	55.9%	46.1%	40.1%	38.4%
Loss ratio		0.2%	6.1%	4.9%	5.8%	3.2%

By type of Surety Bond

SURETY BONDS					
Premiums					
In USD					
Years	Construction	Customs	Judicial	Other bonds	Total
2012	10,062,828	277,195	161,318	2,267,314	12,768,655
2013	7,077,822	261,336	349,448	2,879,016	10,567,621
2014	7,368,449	219,560	513,600	3,719,003	11,820,612
2015	8,144,470	229,985	632,664	3,008,449	12,015,568
2016	8,367,494	208,556	662,141	3,464,751	12,702,941
	65.9%	1.6%	5.2%	27.3%	

2016 MARKET SHARE BY TYPE OF SURETY BOND



Construction Bonds

Construction bonds					
Technical Results					
In USD					
Growth	52.3%	-29.7%	4.1%	10.5%	2.7%
	2012	2013	2014	2015	2016
Underwritten premiums	10,062,828	7,077,822	7,368,449	8,144,470	8,367,494
Ceded premiums	4,796,909	3,640,086	4,199,539	5,342,693	5,656,054
Retained premiums	5,265,919	3,437,737	3,168,910	2,801,777	2,711,440
Net incurred losses	-28,488	94,643	172,370	100,849	1,881
Paid commissions, net	-158,352	-75,777	126,383	76,503	188,500
Excess of loss costs	179,202	67,687	62,315	22,365	11,471
Increase (decrease) in reserves	918,952	-548,426	-48,093	-8,660	-3,938
Total Costs	911,315	-461,873	312,975	191,057	197,914
Technical margin	4,354,604	3,899,610	2,855,935	2,610,720	2,513,526
In percentage terms	9.1%	-6.5%	4.2%	2.3%	2.4%
Loss ratio	-0.7%	2.4%	5.4%	3.6%	0.1%

Customs Bonds

Customs Bonds					
Technical Results					
In USD					
Growth	25.8%	-11.0%	-16.0%	4.7%	-9.3%
	2012	2013	2014	2015	2016
Underwritten premiums	293,605	261,336	219,560	229,985	208,556
Ceded premiums	95,450	97,776	73,142	79,464	93,887
Retained premiums	198,154	163,560	146,418	150,521	114,669
Net incurred losses	0	0	0	0	0
Paid commissions, net	-36,957	-6,274	-4,995	-2,241	-5,086
Excess of loss costs	7,362	2,277	2,134	2,107	2,233
Increase (decrease) in reserves	34,016	-1,033	-3,997	20,377	-13,041
Total Costs	4,421	-5,031	-6,857	20,243	-15,894
Technical margin	193,734	168,591	153,275	130,278	130,563
In percentage terms	1.5%	-1.9%	-3.1%	8.8%	-7.6%
Loss ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Judicial Bonds

Judicial Bonds					
Technical Results					
In USD					
Growth	-44.3%	95.7%	47.0%	23.2%	4.7%
	2012	2013	2014	2015	2016
Underwritten premiums	178,563	349,448	513,600	632,664	662,141
Ceded premiums	21,343	96,201	45,023	88,501	101,563
Retained premiums	157,220	253,247	468,577	544,163	560,578
Net incurred losses	-18,900	111,571	-4,823	88,730	78,095
Paid commissions, net	8,166	12,768	30,001	25,832	2,807
Excess of loss costs	476	643	5,503	17,959	17,336
Increase (decrease of reserves)	-61,720	42,446	88,550	43,111	22,158
Total Costs	-71,978	167,428	119,231	175,630	120,395
Technical margin	229,198	85,820	349,346	368,533	440,183
Technical margin on total income	128.4%	24.6%	68.0%	58.3%	66.5%
Loss ratio	-8.6%	52.9%	-1.3%	17.7%	14.5%

Other Bonds

Other bonds					
Technical Results					
In USD					
Growth		10.9%	29.2%	-19.1%	15.2%
	2012	2013	2014	2015	2016
Underwritten premiums	2,595,732	2,879,016	3,719,003	3,008,449	3,464,751
Ceded premiums	1,032,675	1,254,328	1,644,274	1,712,642	1,624,301
Retained premiums	1,563,057	1,624,687	2,074,729	1,295,807	1,840,450
Net incurred losses	58,787	154,293	107,261	99,868	78,956
Paid commissions, net	-301,984	-387,088	-393,078	-332,424	-285,643
Excess of loss costs	10,602	19,193	60,634	32,613	24,759
Increase (decrease) in reserves)	-64,222	85,538	208,624	-212,515	224,869
Total Costs	-296,817	-128,064	-16,560	-412,458	42,941
Technical margin	1,859,874	1,752,752	2,091,289	1,708,265	1,797,509
Technical margin on total income	71.7%	60.9%	56.2%	56.8%	51.9%
Loss ratio	3.6%	10.0%	5.7%	6.6%	4.9%

Outlook for the Dominican Surety Market

- **New Traffic Law**
- **Amendment to the Insurance Law and Social Security Law**
- **Life Annuity Insurance**
- **Microinsurance**
- **Cat losses**
- **Elimination of the Tax on Life Insurance**

OUTLOOK FOR SURETY BONDS

- Some insurers specialize in judicial bonds covering traffic accidents.
- Construction bonds are influenced by big State works.
- The Migration Law requires that migrants post a surety bond with the government
- A low number of judicial bonds are enforced/ The Attorney General's Office is increasingly reluctant to accept surety bonds.
- Lack of coordination between the Insurance Supervisor and the Attorney General's Office.