BEST'S MARKET SEGMENT REPORT

Our Insight, Your Advantage®

February 9, 2026

Caribbean Insurers' Reinsurance Costs and Capacity Constraints Moderate, Although Climate Vulnerability Remains

Caribbean insurers are highly reliant on reinsurance to manage capital, risk retention, and to expand their book of business

Key Takeaways

- Caribbean economies continue to struggle from external pressures.
- Favorable results are being reported across most Caribbean insurers, bolstered by moderating reinsurance costs and rate improvement, especially in the motor business.
- Reinsurance pricing is in line with expectations and capacity is slowly increasing.

Caribbean Economies: Continued Pressures

Economic growth patterns across the Caribbean vary by country but are broadly underpinned by tourism and commodity exports. This makes the region highly dependent on external demand, as many economies rely on a narrow range of foreign exchange earnings including tourism, financial services, and commodities. As a result, ongoing global uncertainty, stemming from persistent external shocks and shifting international policies on trade and immigration, poses downside risks through its impact on commodity markets, remittances, and tourism flows from major source markets in the US, Canada, and Europe. This is reflected in increased uncertainty and depressed regional economic performance. According to the United Nation's Economic Survey of Latin America and the Caribbean, real GDP in the region, excluding Guyana, is expected to fall from 2.6% in 2024 to 1.8% in 2025 and 1.7% in 2026 (**Exhibit 1**).

Exhibit 1

Real GDP Growth (YoY % change)

	2024	2025	2026
Caribbean (ex Guyana)	**2.6**	**1.8**	**1.8**
Tourism Dependent	**2.1**	**2.3**	**2.0**
Antigua and Barbuda	3.7	2.5	2.5
Bahamas	3.4	2.2	2.1
Barbados	4.0	2.7	2.1
Belize	3.5	1.5	2.4
Jamaica	(0.5)	2.1	1.5
St. Kitts and Nevis	2.0	1.7	2.2
St. Lucia	4.7	2.4	2.1
Commodity Exporters	**23.5**	**6.1**	**14.0**
Guyana	43.6	10.3	23.0
Suriname	3.0	2.7	3.7
Trinidad and Tobago	2.5	1.0	1.2

Source: United Nations Economic Survey of LAC, IMF Projections, October 2025.
Projections do not show all countries classified in the Caribbean.

Tourism-Dependent Economies Set to Marginally Slow

Economic growth in tourism-dependent countries is projected at 2.3% in 2025 and 2.0% in 2026. The moderation from the strong post-pandemic rebound largely reflects the normalization of travel patterns after several years of pent-up demand. Softer economic conditions in key sources of tourism demand, such as the US and Canada, including softer labor market conditions and slowing household income

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growth, are expected to weigh on discretionary travel spending. This will keep the near-term outlook subdued for the tourism-dependent countries relative to the rapid recovery phase in 2022 and 2023.

Various regional tourism indicators, including total visitor arrivals, overnight stays, and air and cruise passenger volumes, show that most destinations have returned to or modestly exceeded their pre-pandemic numbers. This recovery has provided meaningful support to GDP growth, employment, and increasing government revenues across much of the Caribbean. However, for several countries, the outlook has been more challenging.

Countries like St. Maarten, St. Kitts & Nevis, and St. Lucia have seen a more gradual normalization in visitor flow and continue to underperform. This is due to a variety of issues that include a combination of structural and market-specific factors. The recovery in the cruise sector, historically an important driver of visitors in these three countries, has been slower than in other segments. Additionally, these countries are facing stronger competition with destinations offering lower-cost options and more diversified tourism products, constraining demand from more price-sensitive tourists.

Commodity Exporters GDP Expectations Vary

Economic activity in the commodity exporting countries (including Guyana, Suriname, and Trinidad and Tobago) is expected to expand by 6.1% in 2025, although this aggregate number is skewed by Guyana's rapid growth. Excluding Guyana, the outlook for commodity-exporting countries is considerably more modest.

Suriname's GDP is expected to grow by 2.7% in 2025 and remain positive over the medium term, reflecting a gradual stabilization following the severe recession in 2020 and 2021, which was compounded by a default on the country's sovereign debt. Trinidad and Tobago's economy is expected to grow by 1.0% in 2025, among the lowest rates in the region, constrained by declining natural gas production in its maturing energy sector. Guyana's economy is projected to grow by 10.3% in 2025, driven by continued increases in oil output following significant offshore discoveries made over the last decade.

While economic growth is expected to remain positive, the outlook is tilted to the downside. Commodity price volatility and weaker-than-expected global growth have the potential to negatively impact the export-dependent economies. According to the US Energy Information Administration, the average price for a barrel of Brent crude is set to fall from approximately USD $80 per barrel in 2024 to USD $69 per barrel in 2025 and USD $52 per barrel in 2026 **(Exhibit 2)**.

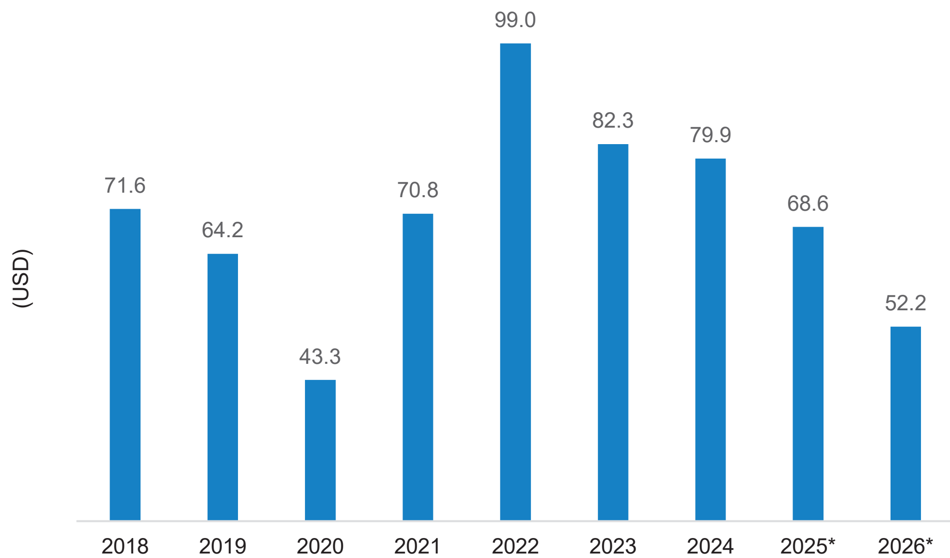
While inflation has come down from its earlier peak, Suriname continues to grapple with high inflation and currency instability. While the country exited default following its 2023 restructuring and IMF deal, public debt remains an ongoing concern. Trinidad and Tobago faces rising debt, an underdeveloped non-energy sector, and domestic security challenges that recently required the government to impose a state of emergency. Additionally, the recent geopolitical frictions between Venezuela and the US could disrupt Trinidad and Tobago's access to Venezuelan gas. This would add uncertainty to an economy that is heavily dependent on natural gas production and exports.

Inflation Remains Relatively Contained

According to the IMF, regional inflation is expected to increase from 6.1% in 2024 to 6.9% in 2025, though trends vary across country groupings and individual economies. In tourism dependent

Exhibit 2

Average Brent Price per Barrel, USD



Source: FRED, EIA, *Forecast

economies, inflation is expected to rise slightly from 2.7% in 2024 to 2.8% in 2025. While inflation remains relatively moderate, the continued rebound in tourism is contributing to some upward pressures on service sector prices and wages **(Exhibit 3)**.

Many of these economies operate currency pegs to the US dollar, which can influence inflation through reduced monetary policy flexibility and imported prices. Because these economies rely heavily on imported food, fuel, and material, increases in global USD-priced commodities' prices can pass through into domestic inflation. When the US dollar weakens, pegged currencies also weaken against non-USD trading partners, raising the cost of those imports. With limited ability for domestic central banks to adjust monetary policy independently, external shocks, and global trade developments can result in significant inflation.

Inflation in the commodity exporting group is expected to rise from 2.7% in 2024 to 4.2% in 2025. Suriname continues to record some of the highest inflation rates in the region, driven by currency depreciation and subsidy reforms that increased domestic prices. In Guyana, strong domestic demand and elevated infrastructure and construction needs associated with rapid oil sector expansion are contributing to upward price pressures. Although Trinidad and Tobago's inflation is expected to remain moderate, the country remains vulnerable to imported food price inflation due to its heavy reliance on imports.

Exhibit 3

Inflation End of Period (YoY % change)

	2024	2025	2026
Tourism Dependent	**2.7**	**2.8**	**3.0**
Antigua and Barbuda	5.4	3.0	2.0
Bahamas	-	0.6	1.4
Barbados	0.4	3.3	2.4
Belize	2.6	1.5	1.3
Jamaica	5.0	4.5	5.0
St. Kitts and Nevis	1.9	1.7	2.1
St. Lucia	1.6	1.3	(0.9)
Commodity Exporters	**2.7**	**4.2**	**4.1**
Guyana	2.9	4.3	4.5
Suriname	10.1	10.6	8.2
Trinidad and Tobago	0.5	2.2	2.3

Source: IMF Projections, October 2025.
Projections do not show all countries classified in the Caribbean.

Debt Levels Have Improved but Remain Elevated

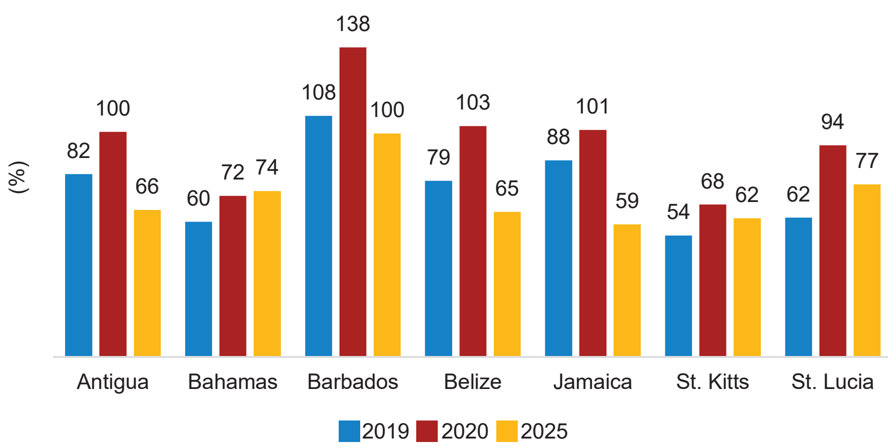
Many Caribbean countries entered the

pandemic with existing high levels of debt, and those that relied heavily on tourism experienced the sharpest economic and fiscal shocks as borders closed to travel and government revenues collapsed. Simultaneously, debt ratios rose across the region during 2020-2021 as governments increased spending to support health systems and mitigate the negative economic impacts **(Exhibits 4 and 5)**.

Since the pandemic, countries have had various degrees of success in reducing debt levels. Several countries, including Barbados and Jamaica, have made progress in lowering debt-to-GDP ratios through fiscal consolidation and a rebound in tourism. However, debt levels across the Caribbean generally remain elevated. High legacy debt constrains fiscal space and limits the ability to invest in productive infrastructure and climate resilience. Elevated debt burdens also reduce governments' capacity to respond effectively to future external economic or climate-related shocks.

Exhibit 4

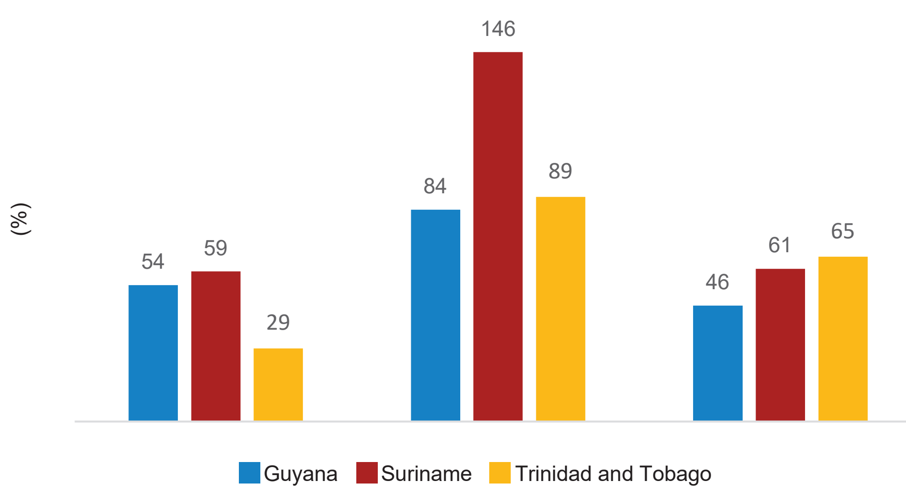
Gross Debt-to-GDP - Tourism Dependent Countries



Source: IMF

Exhibit 5

Gross Debt-to-GDP - Commodity Exporting Countries



Source: IMF

Climate Vulnerability Remains an Ongoing Concern

The region's exposure to natural disasters is high and reflects a significant risk due to its propensity to storm surges, flooding, and hurricanes. The damage frequently causes significant economic losses and can quickly destroy infrastructure and reverse development gains.

The Notre Dame Global Adaptation Initiative (GAIN) Index is a measurement tool that ranks a country's ability to manage the negative impacts of climate change by evaluating the country on two aspects: its vulnerability to climate events and the country's readiness to improve its resilience to these events. The survey defines vulnerability as "a country's exposure, sensitivity, and ability to adapt to the negative impact" of events. And defines readiness as "a country's ability to leverage investments and convert them to adaptation actions." The GAIN Index ranks over 180 countries.

For the region, Barbados ranks the best overall at 26th out of 187 countries, while Belize ranks the worst at 123rd of 187 countries. Generally speaking, the region tends to combine relatively high vulnerability with low readiness. The elevated vulnerability and low readiness signal a gap that will be hard for many governments to fill given debt levels and limited fiscal space **(Exhibits 6 – 7)**.

Reinsurance Cost Leveling Off

The good news is that reinsurance costs and capacity constraints have moderated for Caribbean insurers as accelerated softening in property reinsurance pricing accompanied by modest relaxation of some terms and conditions. For the region, this reflects decreased storm activity as well as reinsurers' view of rate adequacy in markets. Over the past two years, Caribbean insurers have adjusted rates to match the cost of reinsurance, as well as inflationary pressures on repair costs for property and motor business segments, with more notable rate increases in motor. Nevertheless, this can turn quickly if the region is materially impacted by storm activity, so Caribbean insurers need to remain vigilant and look to their risk tolerance to manage its risk appetite and business growth objectives.

Reinsurance cost and capacity are the primary drivers of gross premiums written growth and rates in the Caribbean. Caribbean insurers are highly reliant on reinsurance to manage capital, risk retention, and to expand their book of business. The region mainly relies on large reinsurance brokers, and their reinsurer panels consist mostly of highly rated companies to leverage the expertise of these brokers and reinsurers for their risk modeling and analytical capabilities.

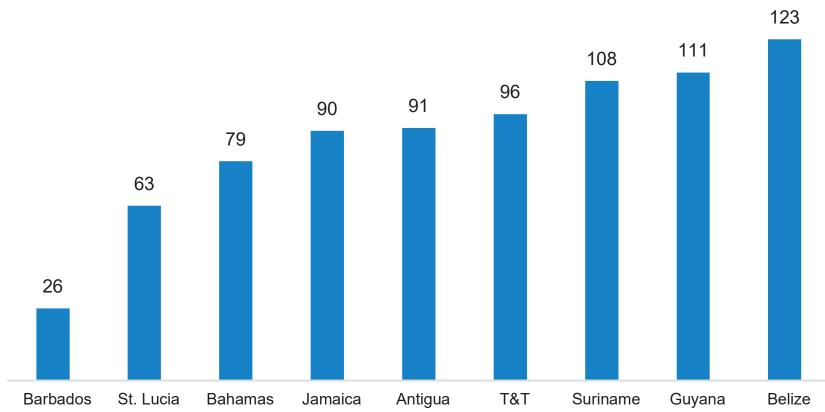
Low Storm Activity

Storm activity decreased in 2025 compared to 2024. The 2025 hurricane season saw 13 named storms, with five becoming hurricanes and four strengthening to become major hurricanes (Category 3 or higher). Many of the storms, however, remained out to sea with a modest impact to the Caribbean, with the exception of Hurricane Melissa, which hit Jamaica as a Category 5. Hurricane Melissa was a very intense storm with maximum winds reaching 185 mph. The brunt of damages was seen in Jamaica, especially the western portion of the island.

During the 2024 hurricane season, there were 18 named storms, with 11 intensifying into hurricanes, five of which were major hurricanes. Hurricane Beryl formed very early in the 2024 hurricane season. It was a long-lasting storm briefly reaching category 5 with maximum winds of 165 mph. The storm made landfall and impacted St. Vincent & the Grenadines, Grenada, and Barbados, and passed closely to Jamaica and the Cayman Islands.

Exhibit 6

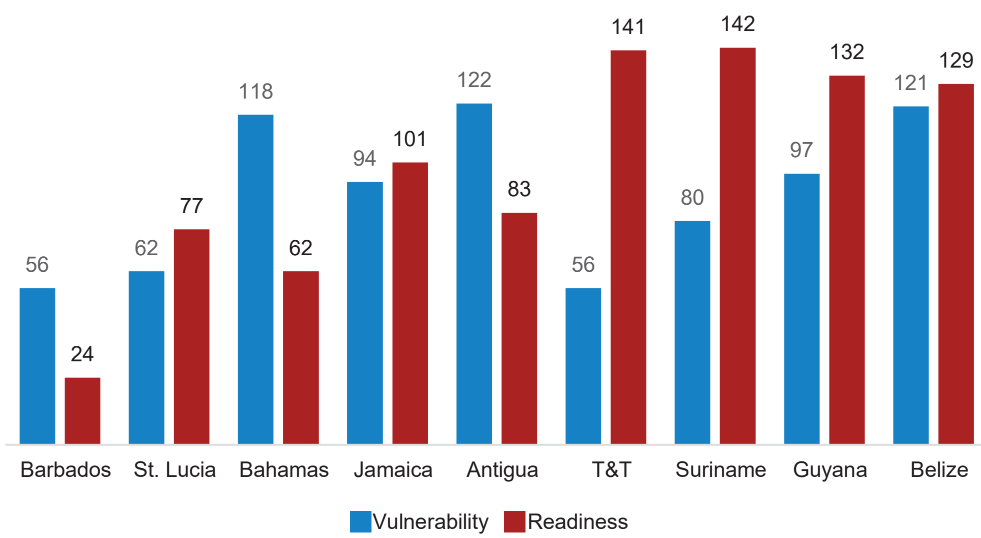
Notre Dame GAIN Overall Rank



Source: Notre Dame GAIN

Exhibit 7

Country Vulnerability & Readiness Ranks



Source: Notre Dame GAIN

It is hard to isolate estimated losses for a hurricane year as they generally will include US mainland claims. However, storm-related estimates are usually reported. Non-US insured losses have been estimated at USD $3.5 billion for Hurricane Melissa in 2025 and less than USD $1.5 billion for Hurricane Beryl in 2024. Local insurer retention will be well below these amounts. Additionally, Beryl had a material impact on the US mainland, while Melissa remained in the Caribbean and did not impact the US mainland where insured losses can be quite high. Nevertheless, the brunt of storm claims costs will almost always fall to the reinsurance market as Caribbean insurers' retention levels are typically low with variability driven entirely by reinsurance capacity and rates. Storm activity and corresponding claims have and will continue to drive the hardening and softening of the reinsurance market.

Pressure on Motor Business Remains

Top-line growth for the motor segment is mainly driven by rate increases seen across the Caribbean. Motor claims costs remain an ongoing item of focus for almost all Caribbean insurers. Parts and repair costs can vary significantly. Most parts are imported, which adds to the cost and can delay repairs, increasing claims for loss of use if applicable. Insurers note that obtaining parts in a timely manner and at a reasonable rate is a problem across many geographies. There is also a shortage of trained mechanics, especially for electric vehicles. Many insurers will not insure electric vehicles, or only on a limited basis where repair capabilities are available locally.

Insurers Are Being Selective on Property Cover

Risk selection and reinsurance capacity drive commercial property business. Caribbean insurers are increasingly looking to technology and data analytics to operate more efficiently and for better risk selection and pricing. A majority of Caribbean insurers rely on agents for business development. The ability to quote quickly and accurately can be a competitive advantage. Broker portals or apps for quoting are being deployed by insurers to improve agent interactions and be able to use data to drive underwriting decisions.

Additionally, due to increased storm activity and intensity from climate change, Caribbean insurers look to make sure that growth isn't coming with outsized risks. Single island insurers are at most risk for taking on too high of a market share for property business. Some are looking at geographic expansion to balance their risk profile, especially on islands that have lower exposure to CAT events.

Three Years of IFRS 17 Under the Belt

Most Caribbean insurers transitioned to IFRS 17 financial reporting since 2022, with few issues and minor restatements. However, data and metrics have changed significantly. There is more volatility in loss ratios under IFRS 17 as there is a degree of accounting volatility from the new standard, which needs to be looked at versus true economic or operating performance volatility. Accounting volatility to the loss ratios is related to the discount rates for liability valuation, Contractual Service Margin (CSM) or future unearned profit expected over the life of an insurance contract, and the loss component or the immediate recognition of anticipated losses for onerous contracts.

Operating Results Remain Favorable

Collectively, Caribbean insurers reported favorable operating and net earnings for the past three years. Gross written premiums growth is directly related to reinsurance capacity, and organic growth in the Caribbean can be difficult. However, collectively, insurance service revenues and net insurance service revenues increased materially for rated Caribbean non-life insurers in 2024 **(Exhibit 8)**.

Caribbean insurers are also growing their business through M&A activity. They are looking to grow in scale, balance the risk profile of their business, and seek operational efficiencies. In Bermuda, for example, BF&M Limited and Argus Group Holdings merged in 2025 and the combined organization was rebranded Allshores, Limited. Also, in 2025, British Caribbean Insurance Company Limited acquired JN General Insurance Company, both leading insurers in Jamaica.

Operating expenses are pressuring earnings; net operating & other expenses continue to rise.
The conversion to IFRS 17 has been a contributing factor to increased administrative costs with expenditures for additional staff and/or consultants to build the processes to support the new financial reporting standard. Inflation is being seen globally, and the islands are no exception, especially around wages and benefits. Insurers are looking to automation as much as possible to control administrative expenses. This is especially seen in customer service and agent relations, making more services

available online or through an app.

The average combined ratio had shown considerable improvement in 2023, which was sustained in 2024 **(Exhibit 9)**. This improvement is mainly due to a moderation of reinsurance costs and growth in premiums from targeted rate actions for select lines of business each year combined with low CAT events. This is also what is driving the solid return on equity (ROE) metrics for the past two years, with the average increasing materially from 3.6% for 2022 to 8.0% in 2023 and 9.5% in 2024 **(Exhibit 10)**. Additionally, the favorable earnings support stable levels of capital. For the coming year, results for Caribbean insurers are expected to remain profitable, absent any outsized storm activity. There will be a continued focus on disciplined growth, risk selection, operating efficiencies, and use of technology **(Exhibit 11)**.

Exhibit 8

Rated Caribbean Non-life - Income Statement

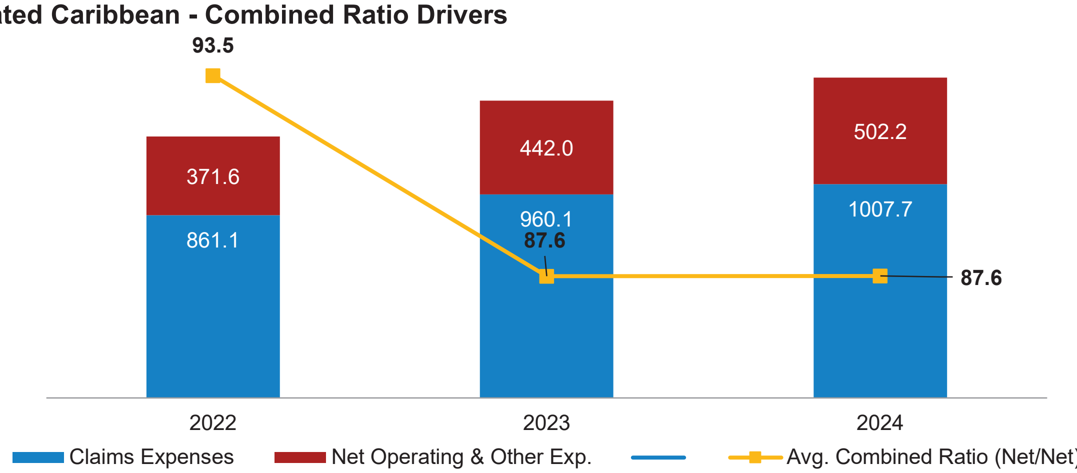
(USD thousands)

	2022	2023	2024	YoY % Change
(IFRS 17) Insurance Services Revenue	2,066,984	2,391,092	2,678,475	12.0
(IFRS 17) Net Insurance Services Revenue	1,112,260	1,243,983	1,384,119	11.3
(IFRS 17) Net Insurance Investment Income	58,807	347,184	352,802	1.6
(IFRS17) Fair Value Throught Profit or Loss	(17,709)	75,662	74,046	-2.1
(IFRS 17) Net credit impairment losses	269	1,153	(362)	131.4
(IFRS 17) Insurance Investment Expense	(31,698)	145,630	144,040	-1.1
(IFRS 17) Insurance Finance Result	90,505	201,555	208,761	3.6
(IFRS 17) Other Income	95,170	98,643	133,359	35.2
(IFRS 17) Group Finance Income	(52,256)	(4,423)	(27,994)	532.9
(IFRS 17) Reinsurance Result Profit/(Loss)	(772,319)	(916,618)	(1,048,572)	-14.4
(IFRS 17) Total Revenue	1,270,345	1,543,392	1,698,173	10.0
(IFRS 17) Claims Expenses	861,117	960,128	1,007,703	5.0
(IFRS 17) Net Operating and Other Expense	371,621	441,952	502,207	13.6
(IFRS 17) Total Insurance and Other Expense	1,232,737	1,402,080	1,509,910	7.7
(IFRS 17) Pre-Tax Income	70,650	250,926	339,106	35.1
(IFRS 17) Net Income/(Loss)	44,433	201,173	281,533	39.9

Source: BESTLINK

Exhibit 9

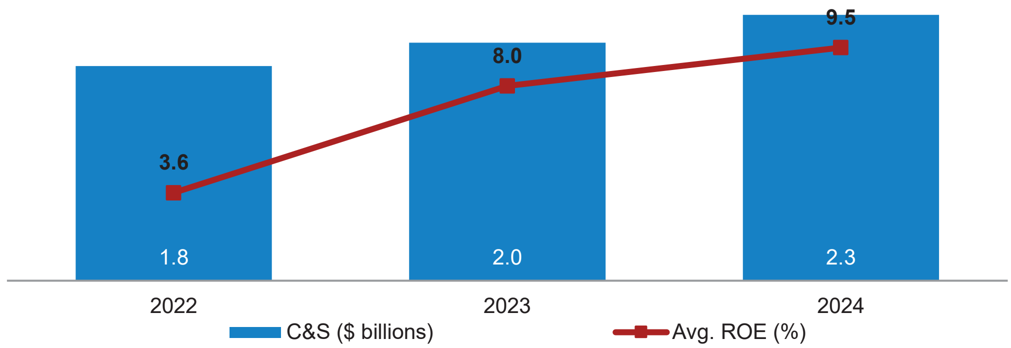
Rated Caribbean - Combined Ratio Drivers



Source: BESTLINK

Exhibit 10

Rated Caribbean - Return on Capital & Surplus



Source: BESTLINK

Exhibit 11

AM Best-Rated Caribbean Property/Casualty Insurers – Key Financial Indicators

(USD thousands), Ratios as of January 27, 2026

									Ratios			
AMB#	**Company Name**	**Country of Domicile**	**Best's FSR**	**Best's Long-Term ICR**	**Insurance Services Revenue - Non-Life**	**Net Insurance Services Revenue - Non-Life**	**Total Capital & Surplus**	**Pre-Tax Income**	**Return on Capital & Surplus**	**Non-Life Loss & LAE Ratio Net/Net**	**Non-Life Exp Ratio Net/Net**	**Non-Life Comb. Ratio Net/Net**
52640	Nagico Holdings Limited*	Anguilla	A-	a-	231,435	142,683	116,198	20228	16.6	49.8	25.3	75.1
94569	East Caribbean Reinsurance Company Ltd	Anguilla	B+	bbb-	16,544	4,773	31,157	4,461	15.4	14.7	8.7	23.4
13025	Caribbean Alliance Insurance Company Ltd	Antigua & Barbuda	A	a	222,096	63,975	175,375	21,996	5.7	22.0	52.0	74.0
87007	Bahamas First Holdings Limited*	Bahamas	A-	a-	194,848	86,226	79,032	6,946	8.3	49.4	44.1	93.5
87888	RoyalStar Assurance Ltd.	Bahamas	A	a	150,166	36,712	60,042	10,963	18.5	26.2	49.3	75.6
83010	Summit Insurance Company Limited	Bahamas	A-	a-	51,951	15,359	27,284	676	2.2	28.8	77.7	106.5
86555	Insurance Corp of Barbados Limited	Barbados	B++ u	bbb+ u	92,247	48,013	108,751	2,704	2.1	37.6	33.7	71.3
86979	Sagicor General Insurance Inc.	Barbados	A-	a-	60,718	36,080	30,139	3,942	13.1	52.3	39.6	91.9
84104	Allshores Limited	Bermuda	A	a	67,107	19,684	310,336	14,794	2.7	44.2	75.5	119.7
86815	Coralisle Group Ltd.*	Bermuda	A	a	1,008,771	654,501	488,638	73,007	15.0	66.0	30.7	96.7
93385	British Caribbean Insurance Co Ltd	Jamaica	B++ u	bbb u	20,241,028	5,057,109	5,950,046	892,976	9.8	30.8	79.6	110.3
94568	TDC Insurance Company Limited	St. Kitts & Nevis	A-	a-	19,950	9,665	54,332	5,246	7.8	79.0	19.0	98.0
92884	M&C General Insurance Company Limited	St. Lucia	B++	bbb	16,210	5,351	15,258	605	3.7	1.7	95.9	97.6
87112	Gulf Insurance Limited	Trinidad & Tobago	B++	bbb	126,328	55,360	113,387	13,116	8.3	64.2	20.5	84.7
84218	Trinidad & Tobago Ins Ltd	Trinidad & Tobago	A-	a-	1,149,592	586,524	1,672,206	139,217	2.8	73.3	29.2	102.4
87118	Guardian Holdings Limited*	Trinidad & Tobago	A-	a-	2,943,116	1,387,237	4,586,842	1,107,832	20.5	37.1	43.7	80.8

FSR=Financial Strength Rating; ICR=Issuer Credit Rating

Note: Rated companies in Puerto Rico are excluded from this report as they are U.S. statutory filers and are included in other special reports

* Displays the ratings of the lead operating company of the group

Source: BESTLINK

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