



PUERTO RICO'S INSURANCE INDUSTRY

SUMMARY OF ECONOMIC IMPACT – FISCAL YEAR 2022

\$1,193 million

Taxes from economic activity (direct, indirect, & induced)

\$5,702 million

Total Payroll

\$33,128 million

Total Output

183,014

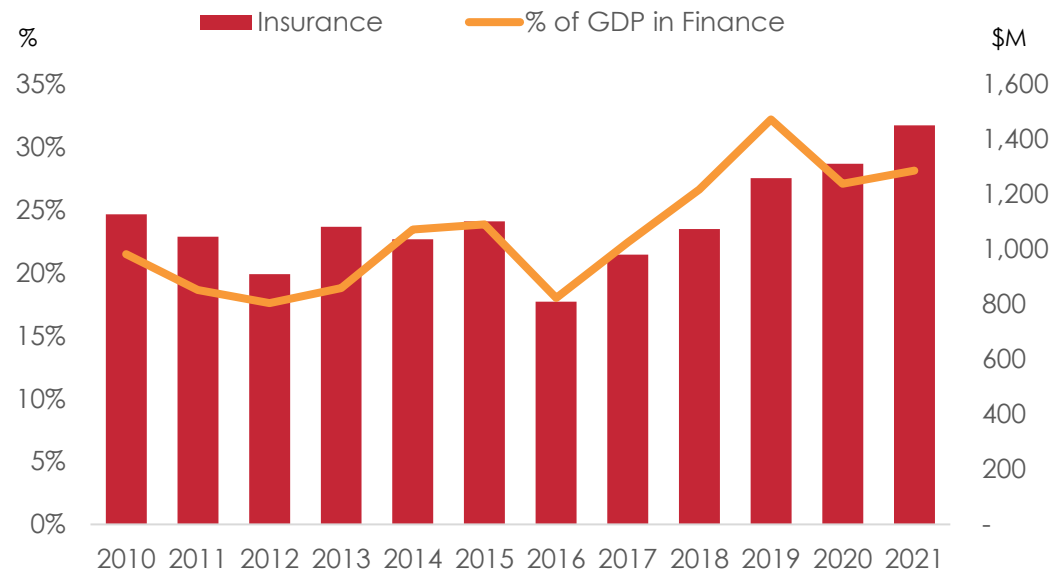
Total Employment (FTEs)

THE INSURANCE INDUSTRY GROWS DESPITE THE DIFFICULT ENVIRONMENT

The GDP of the insurance industry amounted to \$1.45 billion in fiscal year 2021, representing 28% of the financial sector's GDP

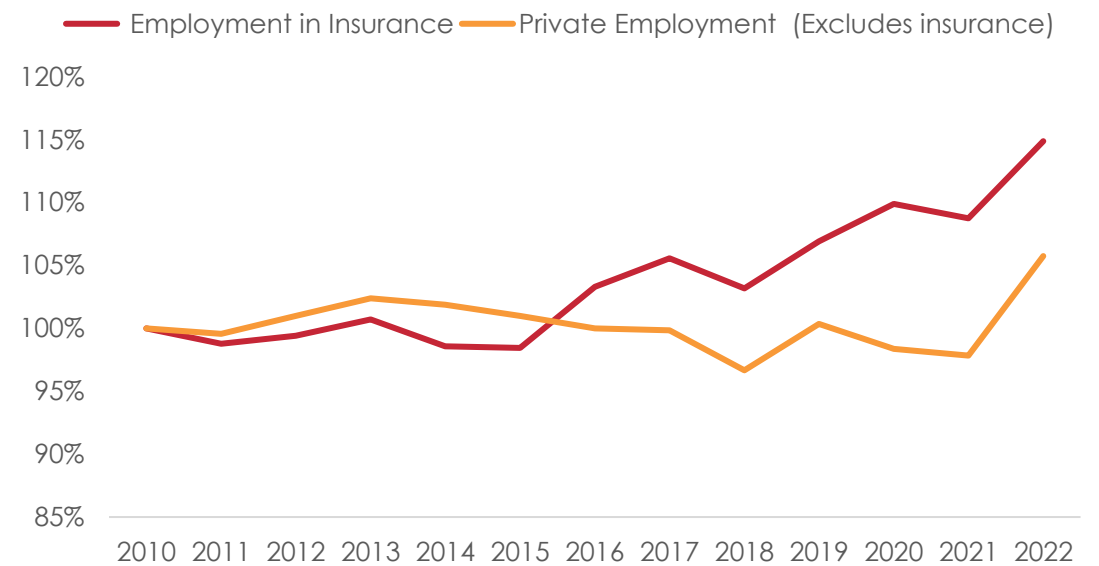
It employed 14,000 workers in fiscal 2021 (32% of finance employment), 1,125 additional jobs versus the 12,883 in fiscal 2010

Insurance and Related Services Sector GDP, Fiscal Year



Source: PR Planning Board. *Ingreso y Producto (2019)*

Job Growth, Fiscal Year (2010=100%)

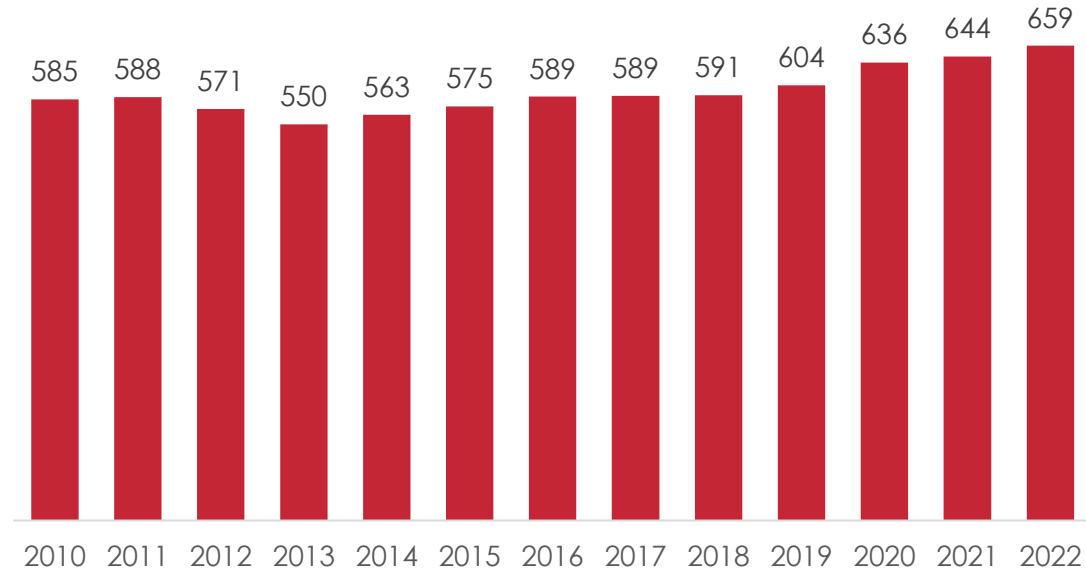


Source: Puerto Rico Department of Labor.

THE INSURANCE INDUSTRY GROWS DESPITE THE DIFFICULT ENVIRONMENT

The number of establishments in the insurance industry and related activities increased moderately...

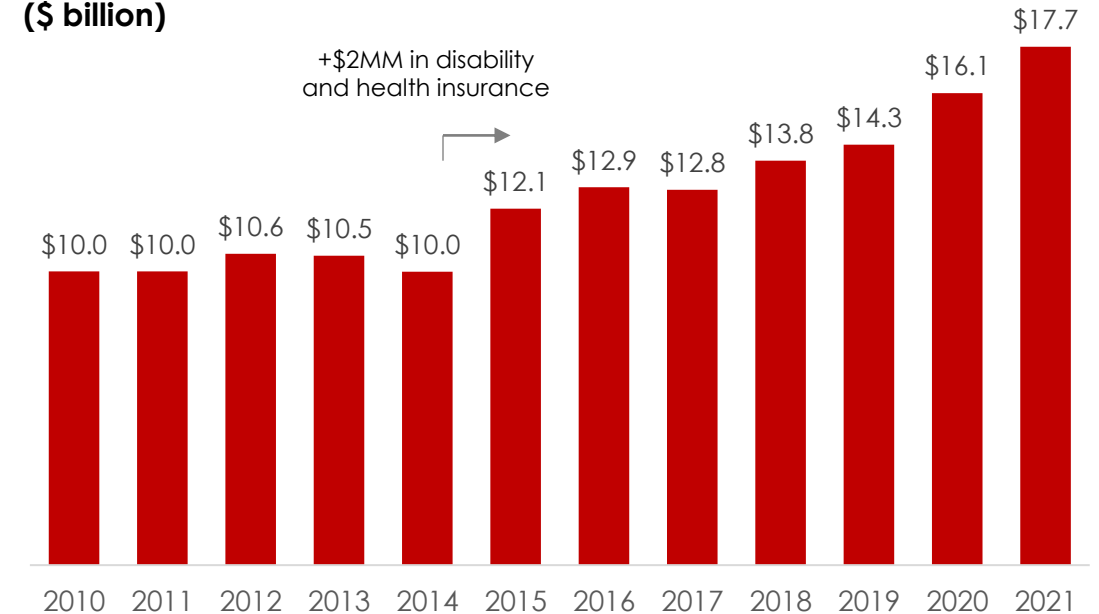
Insurance establishments and related activities*
(# of establishments, Fiscal Year)



Source: Bureau of Labor Statistics

... although written premiums rose notably by \$7.7 billion since 2014

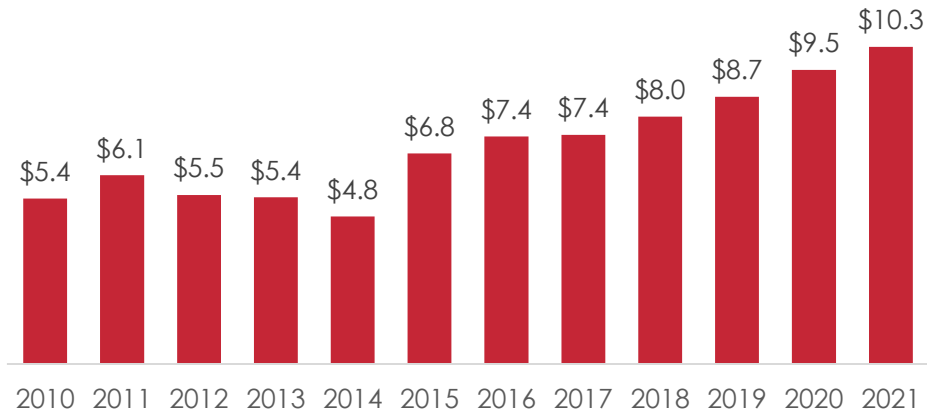
Total premiums written
(\$ billion)



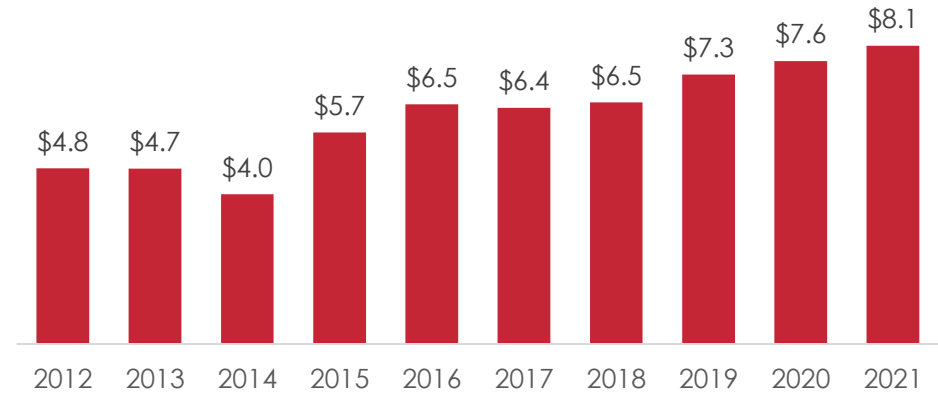
Source: Office of the Commissioner of Insurance of Puerto Rico

IN THE HEALTH SEGMENT, PREMIUMS ROSE ALONG WITH PAID LOSSES

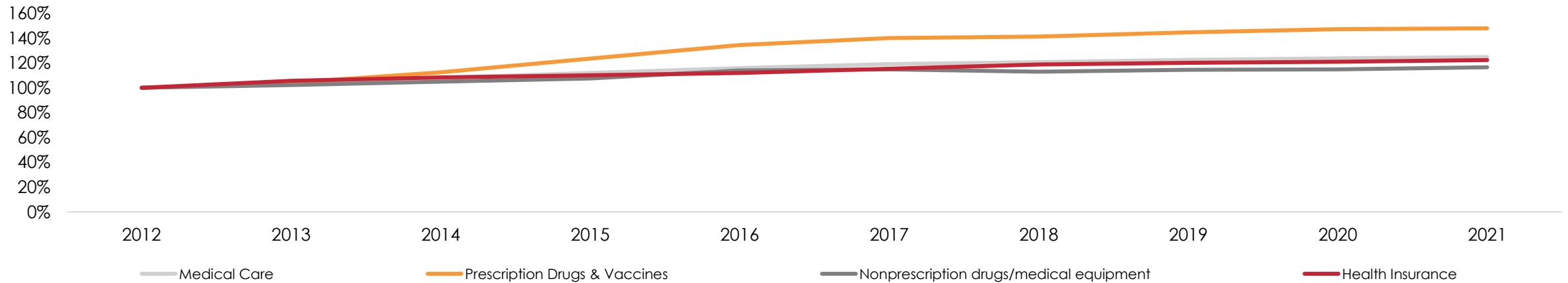
Premiums written in health services (\$ billion)



Losses in the healthcare segment (\$ billion)

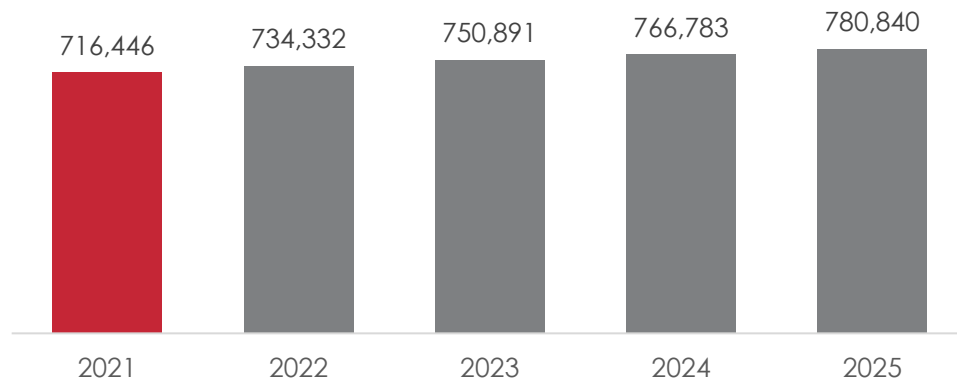


Inflation in health goods and services, Fiscal Year (2012=100%)

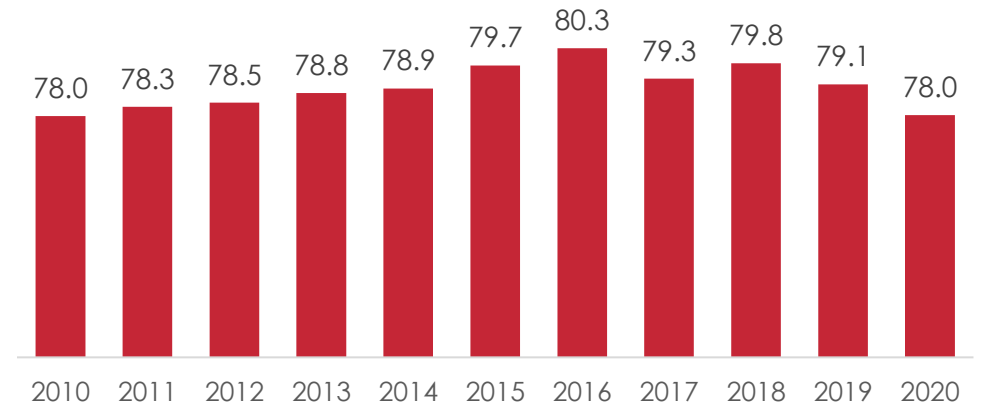


LIVE AND DISABILITY PREMIUMS REMAINED SUPPORTED BY REINSURANCE

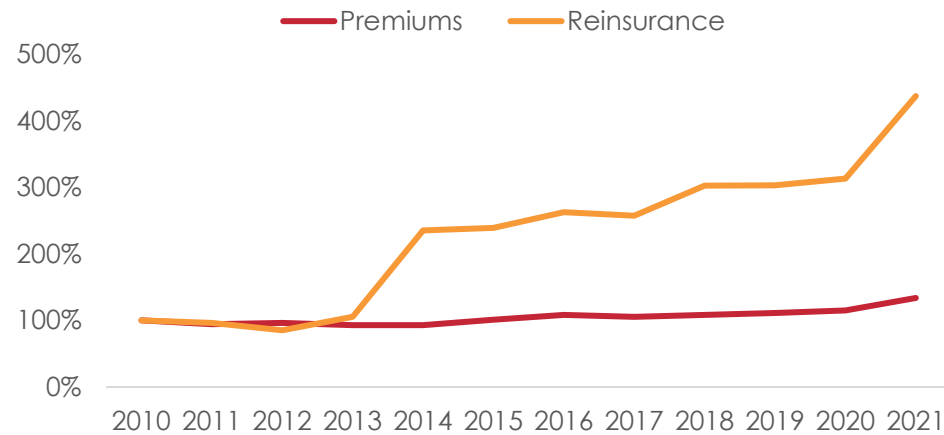
Population projection > 65 years (#)



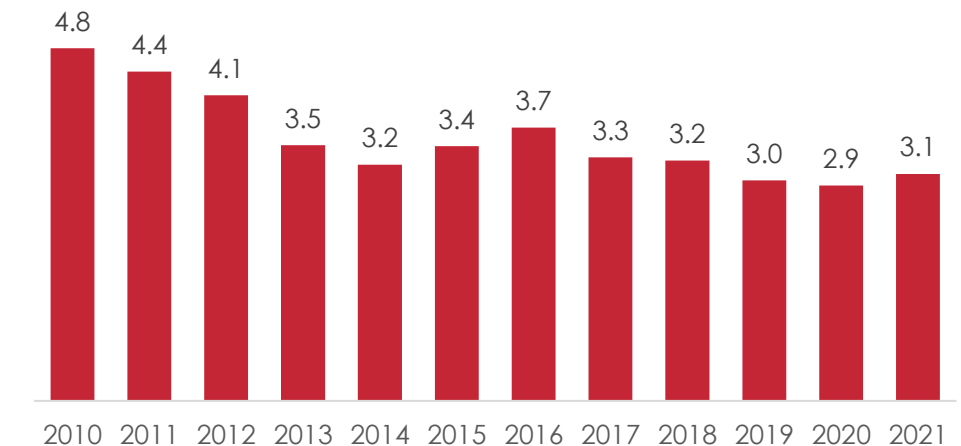
Average life expectancy (# years)



Premiums written and reinsurance (2010=100%)

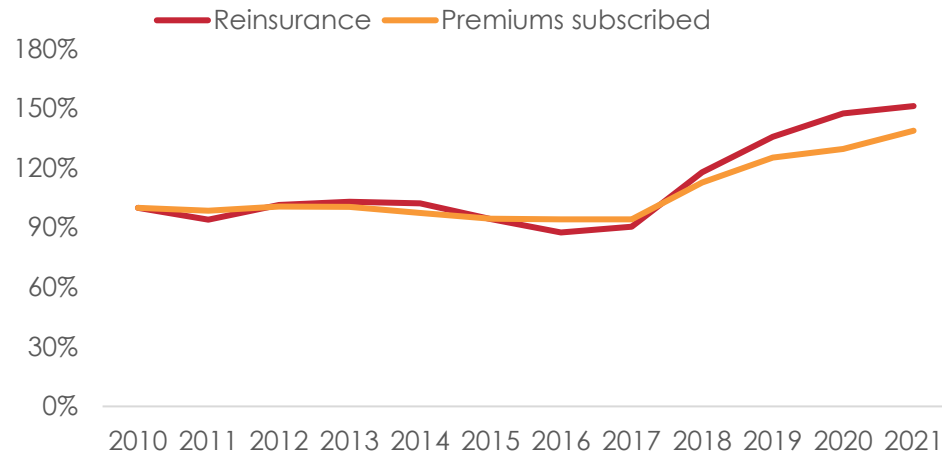


Net premiums/Capital

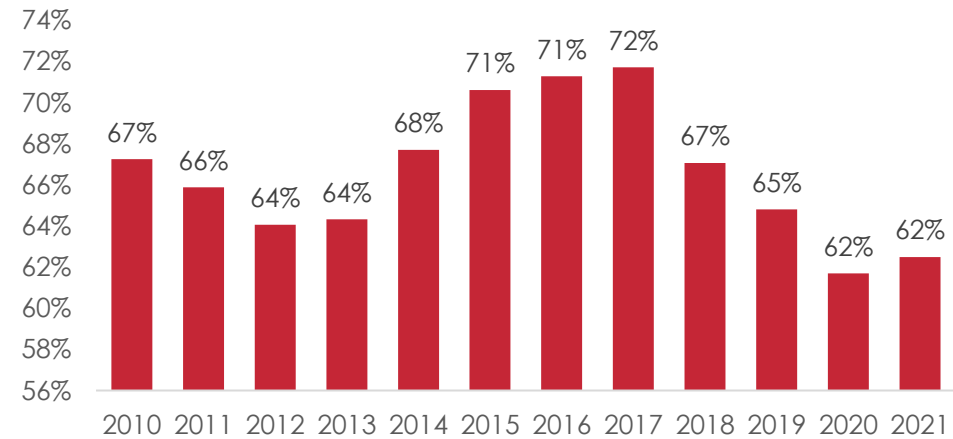


REINSURANCE HAS BEEN IMPORTANT TO ENHANCE CAPACITY AND BUSINESS GROWTH IN PROPERTY AND CONTINGENCY

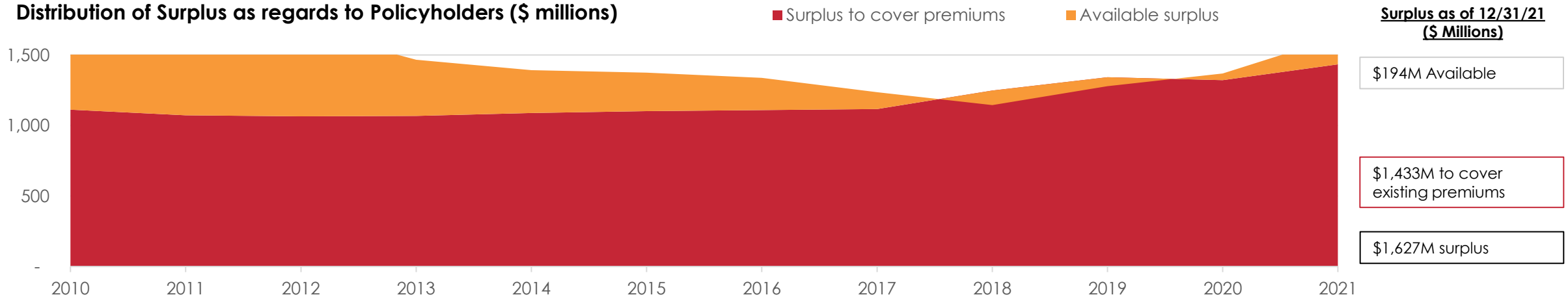
Premiums Written and Reinsurance (2010 = 100%)



Risk Retained by Insurers (%)

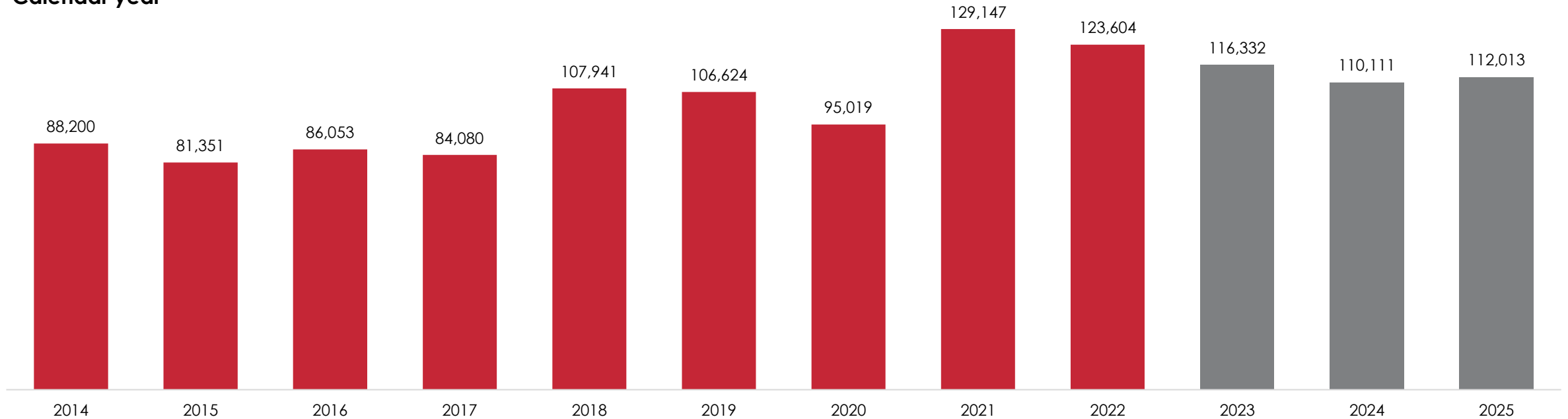


Distribution of Surplus as regards to Policyholders (\$ millions)



DEMAND FOR AUTOMOBILES WILL CONTINUE TO BE SUPPRESSED AFFECTING, PREMIUM UNDERWRITING IN THE SHORT TERM

Auto Sales (# of units)
Calendar year

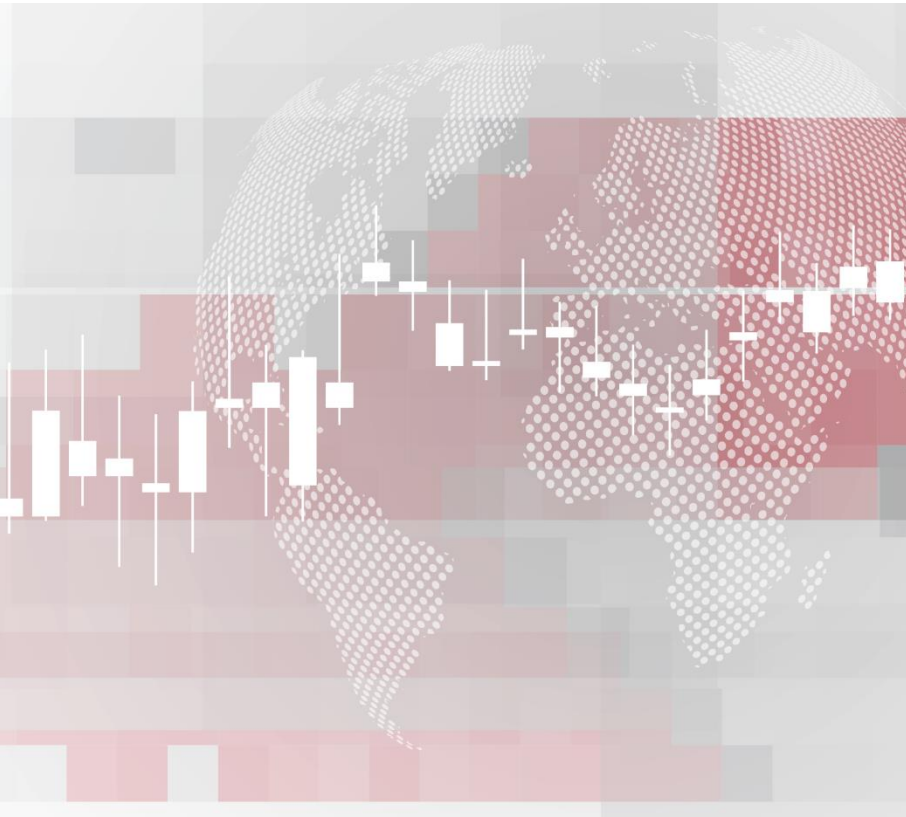


THE SEGMENT WILL BE ABLE TO BENEFIT FROM MULTI-YEAR INVESTMENT IN STRATEGIC INFRASTRUCTURE PROJECTS*

Proyecto	\$million	Schedule			Source of Funding
		Immediate	Pre-construction, Engineering, and Design	Construction	
Urban Cities rehabilitation	\$1,300	1-2 years	1-2 years	1-2 years	HUD
PR-22 Road Extension	\$1,200	1-2 years	2-4 years	> 5 years	HUD
Increase access to internet band width with 5G technology	\$1,000	1-2 years	1-2 years	1-2 years	Local, HUD, FCC
Development of Caño Martín Peña	\$532	1-2 years	1-2 years	1-2 years	FEMA, HUD, Corps of Engineers
Building the new Trauma Hospital of Centro Medico	\$260	1-2 years	1-2 years	2-4 years	HUD
Construction of the Valenciano Reservoir	\$246	1-2 years	1-2 years	2-4 years	FEMA
PR-10 Road Extension	\$227	1-2 years	1-2 years	1-2 years	HUD
PR-5 Road extension	\$150	1-2 years	1-2 years	2-4 years	Local, HUD, Private
Development of Bahía Urbana in the Convention District	\$120	1-2 years	1-2 years	1-2 years	FEMA, HUD, Private
Construction of Culebra's Landfill	\$120	1-2 years	1-2 years	2-4 years	HUD, Local
Roosevelt Roads Development	\$75	1-2 years	1-2 years	1-2 years	FEMA, HUD, Private
Construction of an Hospital in Vieques	\$43	1-2 years	1-2 years	1-2 years	FEMA
Trauma System	n/a	1-2 years	1-2 years	1-2 years	HUD
Desarrollo of the Port of the Americas and Ponce's Airport	n/a	1-2 years	1-2 years	1-2 years	HUD, FEMA, Private
Development of the International Airport Mercedita	n/a				
Airhub Strategy	n/a	-	-	1-2 years	HUD, Local
Total	\$5,273				

Source: Office of the Governor, La Fortaleza and El Vocero.

*Assuming a surplus similar to \$1,628 million at the end of 2021 and an average risk retention of 62% of total premiums subscribed, would imply that the industry will need to resort to reinsurance to maintain financial stability and preserve capacity to grow in other areas of the segment.



Thank You!