

# SAGICOR'S COMMENTS on the JAMAICA'S NATIONAL DEBT EXCHANGE

Sagicor Financial Corporation is the largest regional insurer, with US\$5.6 billion in assets and equity capital of US\$860 million, supporting a diversified portfolio of businesses in 22 countries. It has been deeply committed to the region since 1840, and its regional and international reach enables it to withstand economic fluctuations in individual territories.

## **ECONOMIC ENVIRONMENT:**

Like other governments in countries across the globe, following the worldwide recession of 2008, Caribbean Governments have had to adjust their economies to create an environment for renewed growth. Part of this restructuring has involved adjustments to their debt profiles, and the implementation of other macroeconomic policies designed to stimulate economic activity.

Jamaica, one of the largest economies in the region, took the first major step in this regard in January 2010, by adjusting the arrangements for repayment of its bonds, through a programme known as the Jamaica Debt Exchange or JDX. On February 12, 2013, the Government announced a further National Debt Exchange (NDX) in order to eventually bring down its debt ratios and to facilitate an agreement with the IMF, which would clear the way for international lenders to provide funding required to restructure the economy. The expected impact of this adjustment is to assist in repositioning Jamaica for future growth.

## **IMPACT OF THE NDX:**

Although this is amongst several necessary steps to restructure the economy for renewed growth, the new NDX, like the JDX in 2010, has had an impact on the assessment of the Jamaica Government's debt. The rating agency, Standard and Poor's (S&P), has accordingly adjusted Jamaica's sovereign credit rating.

**The NDX is expected to have an immaterial impact on the capital, and no significant long-term impact on the earnings of Sagicor. However, as a result of the rating action on Jamaica, S&P has adjusted the rating of Sagicor. Sagicor is now rated BB+, the same rating as the Government of Barbados.**

Despite the rating adjustment, S&P noted that, "Sagicor Life maintains a good competitive position in the Caribbean life insurance market. It has a diversified business portfolio by product and geography."

Dodridge Miller, President and CEO of the Sagicor Group, reaffirmed the Company's commitment to the region, assuring stakeholders that, as an indigenous organisation, it will continue to manage its portfolio of businesses prudently for the benefit of all stakeholders, while contributing to the development of the communities in which it operates. He said, "*We are confident that our well-established operations in Jamaica are managed in an efficient manner, and will continue to make a significant contribution to the overall performance of the Sagicor Group. Our Management, along with the Private Sector in Jamaica, has worked closely with the Jamaica Government in supporting this debt-restructuring exercise. We are also confident that the Group's strong capital base, competitive market position and good governance practices will enable the Company to accommodate these economic adjustments, and to reap the benefits of future growth.*"



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