SZV impact analysis for COVID 19

For financial sustainability of the Social & Health Funds
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- Possible impact of COVID 19 on premiums and benefits and how to cope with it per Fund
The main economic impact of COVID 19 would last for 6 months;
The subsequent months would entail a slow recovery period of 3 to 4 months;
No consideration is taken for any economic stimulus package by the Government of Sint Maarten;
The COVID 19 impact would be worst then hurricane IRMA first 6 months impact (-22.5%);
A loss of 30% of the premiums was projected for a 6 months period as a result from COVID 19 which coincides with the Central Bank projections;
Government of Sint Maarten will get financial assistance from the Netherlands to be able to pay their premiums.
There is no insurance money being injected in the economy for construction

The world economy as a whole is severely impacted by COVID 19

Local companies have significant less reserves compared to before IRMA

Local companies has no possibility to claim insurance money for COVID 19 business interruption

Reasons for COVID 19 impact being worst then hurricane IRMA are:
The main economic impact of COVID 19 would last for 6 months;

No pandemic outbreak of COVID 19 on the island;

Local companies would have less reserve to cover employees salaries;

Consideration is given for the economic stimulus package by the Government that took care of 600 to 1,000 employees which has led to less unemployment;

The COVID 19 impact on employment would be worst than hurricane IRMA which led to an average decrease of 2,166 employment for the first six months thereafter.

The benefits projections are based on the Irma impact on benefits in the year 2018.
SZV’s 2020 Investment projection in 3 scenarios according to our investment advisors are as follow:

- **2020 base case** is expected for S&P 500 to be around 2,700, which is +/-5% higher than where we stand today (-15% (20.7M USD loss)). SZV will then end the year at approximately -10%.

- In the **Bear case** scenario S&P 500 is expected to close the year around 2,400 which will result in circa -18% for SZV.

- In the event of a **Bull case** scenario with S&P 500 will be ending around 3,000, therefore SZV’s result will be flat for the year 2020.
<table>
<thead>
<tr>
<th>AOV/AWW Fund</th>
<th>Budgeted premium 2020 122M</th>
<th>Budgeted benefits 2020 88.1M</th>
<th>Reserves 2018 507M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project premium 2020 93.6M</td>
<td>Projected benefits 2020 88.1M</td>
<td>Next 6 months 70% collection of 2019 premiums, with a subsequent increase of 15% thereafter</td>
<td>Amount of pensioner benefits would not increase due to COVID 19.</td>
</tr>
</tbody>
</table>

**Short mid and long term impact**
ZV/OV Fund

Next 6 months 70% collection of 2019 premiums, with a subsequent increase of 15% thereafter.

With less employed Government contribution will increase with 1M

Amount of insured would be less (not chronically ill). Benefits would decrease temporarily with a small percentage due to temporary halt to medical referrals. Mainly the medical referral and hospital expenses would substantially increase there after, like they did post IRMA.

Budgeted premium 2020
80.4M

Project premium 2020
65.7M

Budgeted benefits 2020
96.3M

Projected benefits 2020
110.3M

Reserves 2018
(167M)

Short mid and long term impact
OZR Fund

Short mid and long term impact

- **Budgeted premium 2020**: 42.2M
  - **Project premium 2020**: 58M

- **Budgeted benefits 2020**: 48M
  - **Projected benefits 2020**: 58M

- **Reserves 2018**: (28M)

**Short term 100% collection of current premium. Premiums are collected from Government.**

Amount of insured would increase due to layoffs. We are expecting a significant increase in expenses (mainly medical referral and hospital care) as what happened after hurricane IRMA. SZV cannot help Government with the current OZR financial situation anymore. Government has to find a structural solution for this problem. The premium shortfall from 2018 and 2019 should be requested from the Hurricane Irma recovery funds.
FZOG Fund

Short mid and long term impact

- Short term 100% collection of current premium. Premiums are collected from Government and Government subsidized entities and NV’s and APS.
- Amount of insured would be the same going forward. We are not expecting a significant migration of this group of insured.

<table>
<thead>
<tr>
<th>Budgeted premium 2020</th>
<th>Projected benefits 2020</th>
<th>Reserves 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2M</td>
<td>13.5M</td>
<td>(24M)</td>
</tr>
</tbody>
</table>

Budgeted premium 2020 6.2M
Project premium 2020 6.2M
Budgeted benefits 2020 13.5M
Projected benefits 2020 13.5M
Reserves 2018 (24M)
AVBZ Fund

Budgeted premium 2020
23.3M
Project premium 2020
17.5M

Next 6 months 70 %
collection of 2019
premiums, with a
subsequent increase of
15% thereafter

Budgeted benefits 2020
20.6M
Projected benefits 2020
20.6M

Amount of insured (residents and working
population) would be less (not chronically ill)
benefits would be the same going forward. In 2018
SZV had restructured a lot contracts. The benefits
would be more in the range of 21M going forward.

Reserves 2018
90M

Short mid and long term impact
Short mid and long term impact

CESS Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted premium 2020</td>
<td>0.6M</td>
</tr>
<tr>
<td>Project premium 2020</td>
<td>0.5M</td>
</tr>
<tr>
<td>Budgeted benefits 2020</td>
<td>0.2M</td>
</tr>
<tr>
<td>Projected benefits 2020</td>
<td>4.8M</td>
</tr>
<tr>
<td>Reserves 2018</td>
<td>14M</td>
</tr>
</tbody>
</table>

Short term 55-70% collection of current premium, with a yearly increase of 15-20% thereafter.

Amount of employees requesting cessentia is expected to increase drastically, because of the fact that several businesses could go bankrupt. The reserves might not be enough to cover these benefits if the bankruptcies will be too much. In the year 2013 we have paid the former pelican resort employees and some other businesses cessantia that resulted in a total claim of 1.8M. COVID 19 estimated impact on loss of employment is approximately 3,000. We are estimating that the amount of request of cessantia that SZV would have to honor could be between 2M to 9M.