

Reopening for Business: What Renewed Ties Between the U.S. and Cuba Mean for Property/Casualty Insurers

Insurance Industry

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Executive Summary

The possibility of developing trade ties with Cuba, a nation in such close proximity to the U.S., has captured the attention and imagination of businesses throughout the world. Property/casualty insurers are among them, as they await the day the U.S. Congress will ease restrictions on trade. There will be opportunities, but there will also be obstacles. Cuba has a history of abruptly launching economic experiments, and just as abruptly calling them off. However, the Cuban government seems poised to make the regulatory and policy

changes that U.S. business would need to set up shop.

This paper, Reopening for Business: What Renewed Ties between the U.S. and Cuba Mean for Property/Casualty Insurers, was co-written by I.I.I. President and economist Robert Hartwig and Lynne McChristian, I.I.I.?s Florida representative, who is also on the teaching faculty at Florida State University in Tallahassee. It outlines the limited current state of Cuba?s insurance market, and examines what commercial opportunities may unfold in the future. The developing infrastructure in Cuba will need financial protection from the myriad of natural disasters the country faces?a potent mix of catastrophes, including hurricanes, storm surge and earthquakes.

Until now, Cuba?s 11 million citizens have had little need to buy auto or property insurance as the socialist government provided for basic needs. But as commerce develops, private ownership of real estate expands and entrepreneurism is encouraged, a new market for insurers is expected to emerge. Despite the formidable regulatory and cultural obstacles, U.S. property/casualty insurers may be attracted to the Cuban market in the very near term.

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