





# MOINS DE PROBLÈMES, PLUS DE SOLUTIONS



Alternative  
Insurance  
Company

# INDEX

CEO MESSAGE	06
BOARD OF DIRECTORS	10
ANALYSIS OF THE ECONOMIC AND FINANCIAL SITUATION IN 2021– BY KESNER PHAREL	12
STRATEGIC CHANGES OF THE COMPANY'S STRUCTURE	18
FINANCIAL REPORT	21
SOCIAL INDICATORS	25
CORPORATE SOCIAL RESPONSIBILITY	28

*There is one  
takeaway from  
these times of crisis  
and uncertainty:  
taking care of our  
people and our  
community. We  
believe this to be  
essential in the way  
we do business.*





# CEO MESSAGE

Dear shareholders, collaborators and clients:

2020 was a year when we felt the world stop, things we considered to be normal changed permanently. 2021 on the other hand, with its tremendous amount of uncertainty demanded continuous learning and adaptation.

As the pandemic developed throughout the last two years, millions of people around the world were forced to change their way of life, and to think more profoundly about their own wellbeing. For businesses, it was paramount to continue protecting the health of all collaborators and clients as we tried to resume in-person business activities.

As 2021 progressed, it felt at times like we were moving forward and moving backwards the very same day. People started having access to vaccines leading to the world opening back up as travel and events gradually loosened their restrictions. Business reopened in person attendance while continuing to look for ways of creating a positive environment for customers and collaborators to feel safe and secure. But with the discovery of each new Coronavirus variant, every decision needed to be revisited.

For Haiti's case, on top of the worldwide health crisis and its impact on the economy, it was a year marked by the unfortunate assassination of President Jovenel Moïse, plunging our country into further turmoil.

A quote attribute to the great philosopher Immanuel Kant says that "Intelligence can be measured by the quantity of uncertainties we can bear". Despite the challenging business environment and that our political instability and insecurity prevails, our talented and highly committed team rallied in response. In the case of AIC, 2021 was a period of nimbleness, innovation, and continued adaptation to seamlessly navigate

through the uncertainty and return to prior-year levels of business activity.

Financially, AIC has not been immune to the overall impact of unfavorable key macroeconomics indicators such as increasing inflation and the volatility in the currency exchange market. Our risk management framework is constantly evolving to reflect the changing landscape of risk the company is facing. Despite a contraction of our written premiums from previous year, we delivered improved operating efficiency which resulted a net income of 167.6 milion gourdes, a 14% increase from 2020.

Although claims from the august 14th earthquake were limited due to the relatively low exposure in that region, AIC was quick to mobilize key assets to provide support to our partners, clients, and fellow Haitians impacted by this tragedy.

## Biggest take-aways from the multiple waves of the pandemic

In the wake of the pandemic and as the health crisis evolved, there was an increased focus on wellbeing which brought a renewed attention to the connection between global business sustainability and the socio-economic factors that shape our lives. For AIC, we first focused on optimizing and calibrating our technological infrastructure for operations to proceed smoothly. Then we needed to become more creative about explaining the benefits of investing in insurance, while ensuring we could continue delivering a trust-worthy experience to our clients in an environment where the uncertainty of the end of the health crisis remained.

What are the key factors that led to a positive experience despite such disruptive conditions from a long-lasting pandemic and our country's own prevailing crisis? The answer: we decided to go back to basics.

1. Understanding the needs of our clients. Every client is a person just like us, going through the same concerns as things were changing in a dramatic way. We took the time to comprehend our clients' needs, and how they were shifting. We put ourselves in their shoes, and actively listened to their concerns to anticipate their expectations; and we created appropriate and affordable solutions accordingly.
2. Simplicity, transparency, and honesty are key to developing a long-term relationship of trust. Our clients need to better understand insurance contracts and the value of what they are purchasing, especially in times when every individual, family and business was being frugal with their money to brace for the uncertainty ahead.
3. Embrace new ways: "hybrid" is a popular concept nowadays, particularly in the workplace where people go back and forth between face-to-face and virtual spaces. It is time to erase concepts such as "remote and in-person" from our minds and understand that the future demands we develop and maintain an integrated experience.
4. Respond to client concerns in a precise and timely way. Currently, multichannel sales and marketing strategies allows us to maintain close contact with our customers, but for this communication to be effective in addition to being prompt and accurate, it must be solutions oriented.
5. Human touch. Give our clients personalized attention and offer them more than they expect, even when crisis mandates social distancing or interruption of "business as usual". Let's not forget that human relationships do not go out of style, although today we can take advantage of technology to take care of our clients' needs, they still need to feel a human touch in the process. One that empathizes with their concerns and expectations to provide customized solutions for simplifying their live, while keeping all parties safe and sound. This

aspect was our main driver in the creation of the Business Development department: we wanted to remain nimble in the face of constant and fast change to create positive outcomes for the future while ensuring we adapted and remained close to the needs of clients.

6. Take care of our people as family. The combination of the pandemic and our own political instability has been undoubtedly one of our greatest challenges. This unprecedented situation confirmed that our priority is and must continue to be our people. That is why, we assume with greater emphasis our responsibility to our people, as well as to the community in general.

Finding the right balance between the fundamentals and our "new normal" has been the key to our business success. Cost control, efficiency, attentiveness, and proximity to our clients wants and needs has led to financial strength and an increase trust in our continued promises. We are certain that these combined elements have made AIC the partner of choice. As we celebrate the past 20 years, we are committed in continuing to maintain that balance.

## We are prepared for the next 20 years.

It has been a complex year, but as always, we've managed to push through adversity and have come out victorious. This is what has kept us going strong. This is the reason in December 2021 we will reach an important milestone: our 20th anniversary.

Three generations of a family have nurtured AIC, from its inception to the present. We are a company that is in constant transformation, that understands risk management. One that is not only resilient and capable of recovering quickly from the difficult conditions of our political and economic environment, but that thrives because of shocks and crises. We continuously strive to remain comfortable outside of our comfort zone, leaving room for growth.

It started with a single idea: convincing Haitians that they can shape their own destinies. This

meant, changing our cultural mindset from “God will Prevail” to encouraging our fellow Haitians to embrace an active and preventative approach. We realized this first step was fundamental in shaping our country into a more self-empowered Haiti.

In December 2001, a group of visionary investors introduced Alternative Insurance Company, a multiline insurance company in Haiti, and along the years, we built opportunities for a talented staff who, by embracing our original vision, has developed insurance products adapted to the culture and social-economic structure of the country.

The company’s business model has been underpinned by three pillars: transparency, good governance, and financial performance. Now, the foundation built by these generations is being solidified by our new leaders committed to ensuring our success in continuously building on this strong base.

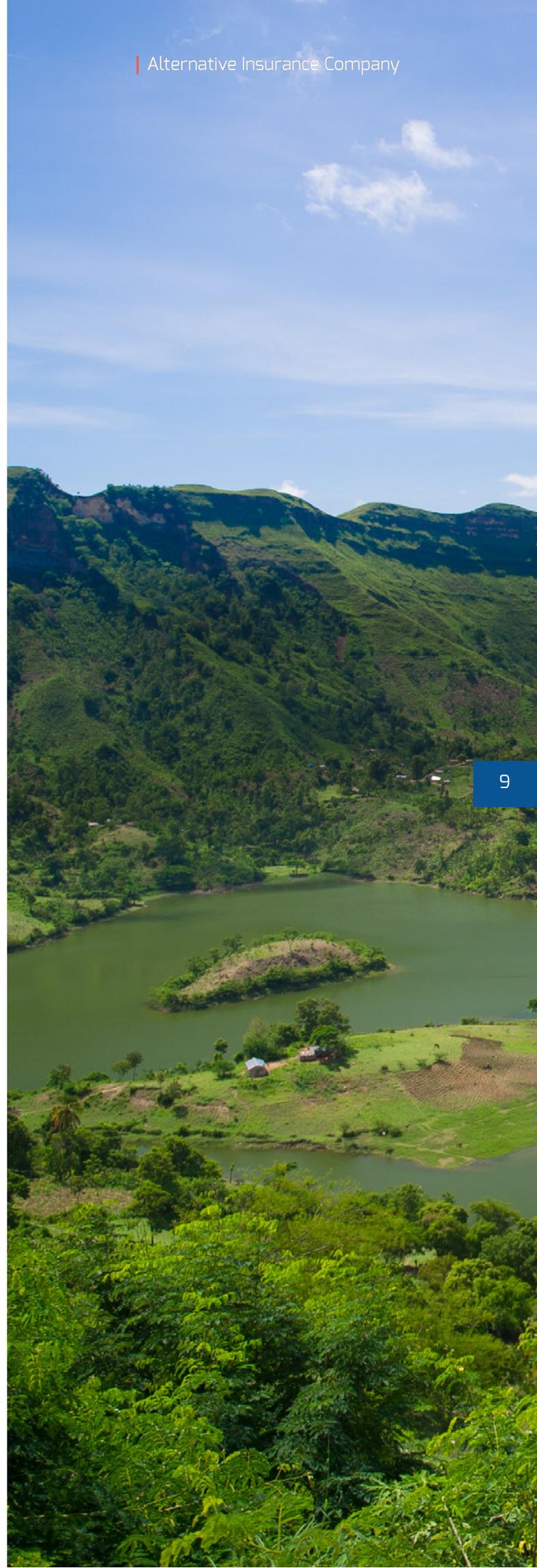
After two decades, we can encapsulate AIC’s history as a company devoted to developing risk-management tools to provide Haitians with a greater capacity to face uncertainty by protecting the things most precious to all.

At AIC, we will continuously strive to be the best company to work for, and the most reliable insurer in the country. We recognize our responsibility to do our part towards building a more secure and resilient environment, and we view the journey ahead full of hope.

Being a safety net for all Haitians is the legacy we have built, together. Today we stand proud of being AIC. Our legacy, your future.

Sincerely

Olivier Barrau  
President and CEO



# BOARD OF DIRECTORS

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**From left to right:** Olivier Barrau, President / Emile Pantaleon, Secretary / Jacques Villejoint, Member / Jean Phillippe Dufort, Second Vice-President / Raoul Turnier, Treasurer / Nastazia Dodard, First Vice-President and representative of Tripodfinancial Group s.a. / Thomas Cunningham, representant de Reaseguradora Patria / and Laurent Saint Cyr, Member.

**Missing:** Julie Kennedy, Member, and Alexandra Brun, Legal Counselor



# ANALYSIS OF THE ECONOMIC AND FINANCIAL SITUATION IN 2021

BY KESNER PHAREL



For the third consecutive fiscal year, the Haitian economy experienced a contraction of its Gross Domestic Product (GDP), representing an average of -2.1% per year during the last three fiscal years. This confirms an economic depression of a nation severely affected by political instability and natural disasters, especially the earthquake of August 14, 2021 in the Southern Peninsula of Haiti. The losses and damages from the last earthquake are believed to be close to 15% of the GDP. The degradation of the political situation with the assassination of the President of the Republic,

Jovenel Moïse, on the night of the 6th to 7th of July 2021 contributed to the deterioration of the business scenario, which created highly pessimistic expectations from both consumers and investors.

The diminutive public and private investments had a negative impact on the supply side of the economy affecting different sectors. The disruption of the supply chains worsened the financial situation of companies unable to deliver their products to several markets in different provinces of the country. Hence the

inflationary pressures with a rate approaching 20% by the end of 2021.

The high budget deficit verified during the 2020-2021 fiscal year, funded for the most part by the Haitian Republic Bank, was one of the factors that explains the continuing depreciation of the Haitian gourde against the US dollar in 2021. This depreciation of the local currency fueled the increase of the price of goods and services, especially those products imported from international

markets. The weak domestic production and the depreciation of the Haitian gourde contributed to increase the volume and the value of imports into the country during the 2020-2021 fiscal year.

The country's poor economic and financial performance during 2021 deepened the humanitarian emergency situation in several provinces. In fact, it is estimated that 4.5 million people are facing food insecurities right now.

## | Continuing decrease of the Gross Domestic Product

The political instability verified during the entire 2020-2021 fiscal year and the enormous damages and losses from the earthquake of August 14, 2021, estimated at around 160 billion gourdes, were the grounds for the GDP decrease of -1.8% in 2021. Such decrease follows the consecutive drops of the GDP, of -1.7 and -3.3% during the previous fiscal years (see Figure 1). The agricultural sector, which dominates the primary sector and constitutes one of the major sources of employment in the Haitian economy, maintained its downward trend with its added value below 100 billion gourdes in 2021, with 99.5 billion. Farmers did in fact face challenges not only in terms of production but also in the distribution of goods, due to the impacts suffered by the supply chains from the roadblocks set by armed gangs.

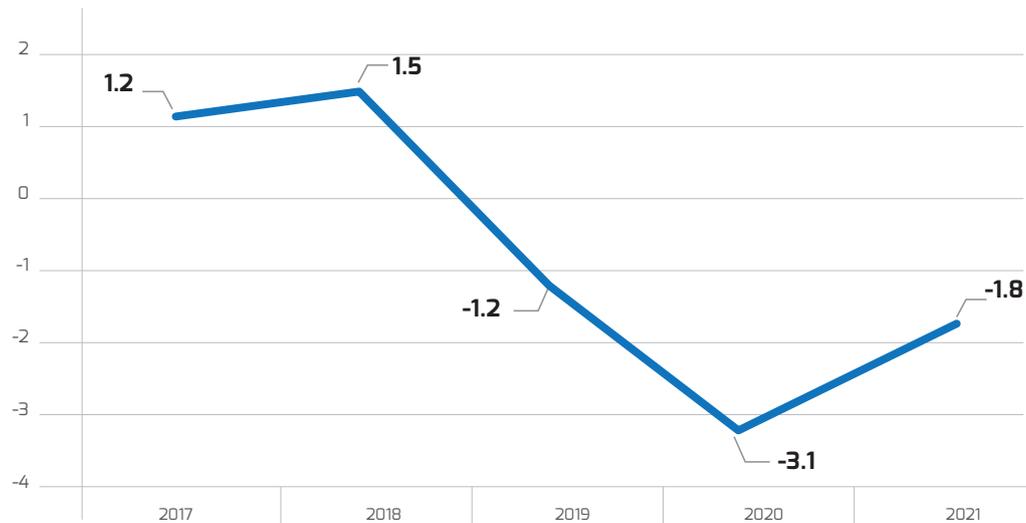
The Manufacturing sub-sector, which is the most important one of the secondary sector, representing near 75% of the secondary sector, has also shown a negative trend during the last three years. The added value generated by manufacturing plants reached only 106.7 billion gourdes in 2021, compared to 113.3 billion in 2019, representing a decrease of more than 5%. Company officials experienced lower revenues caused by problems with the delivery of manufactured products to local markets. The fuel scarcity equally contributed to the negative impact on the Haitian economy in 2021.

As for the Construction sub-sector, which represents nearly 20% of the secondary sector, it has seen its added value plummet considerably over the last few years. The added value of that sub-sector dropped from more than 45 billion gourdes in 2018 to less than 30 billion in 2021. This tremendous drop was caused in part by the last earthquake of August 14, 2021 in the Haitian Southern Peninsula.

In terms of the tertiary sector, the Automobile and Motorcycle Wholesale and Trade, and Repair sub-sector, which is the most important of the GDP, showed a stronger added value during the 2020-2021 fiscal year, that is, almost 130 billion gourdes. That value, which is the lowest of the last five years, represents a decrease of 8% compared to the previous fiscal year.

The Information and Communication and Finance and Insurance sub-sectors were some of the very few to show a good performance during the 2020-2021 fiscal year. In fact, the first of these two showed a positive trend in terms of added value during the last five fiscal years, nearing 13 billion gourdes in 2021. Although the added value of the Finance and Insurance sub-sector did not recover the performance shown in the 2016-2017 fiscal year, that is, more than 24 billion gourdes, it did not stop growing during the last fiscal years to near 20 billion.

Graphic 1  
**GDP Growth Rate (2017-2021)**  
 (%)



Source: Haitian Statistics and Information Institute (Institut haïtienne de statistiques et d'informatique - IHSI)

## | Budget Deficit

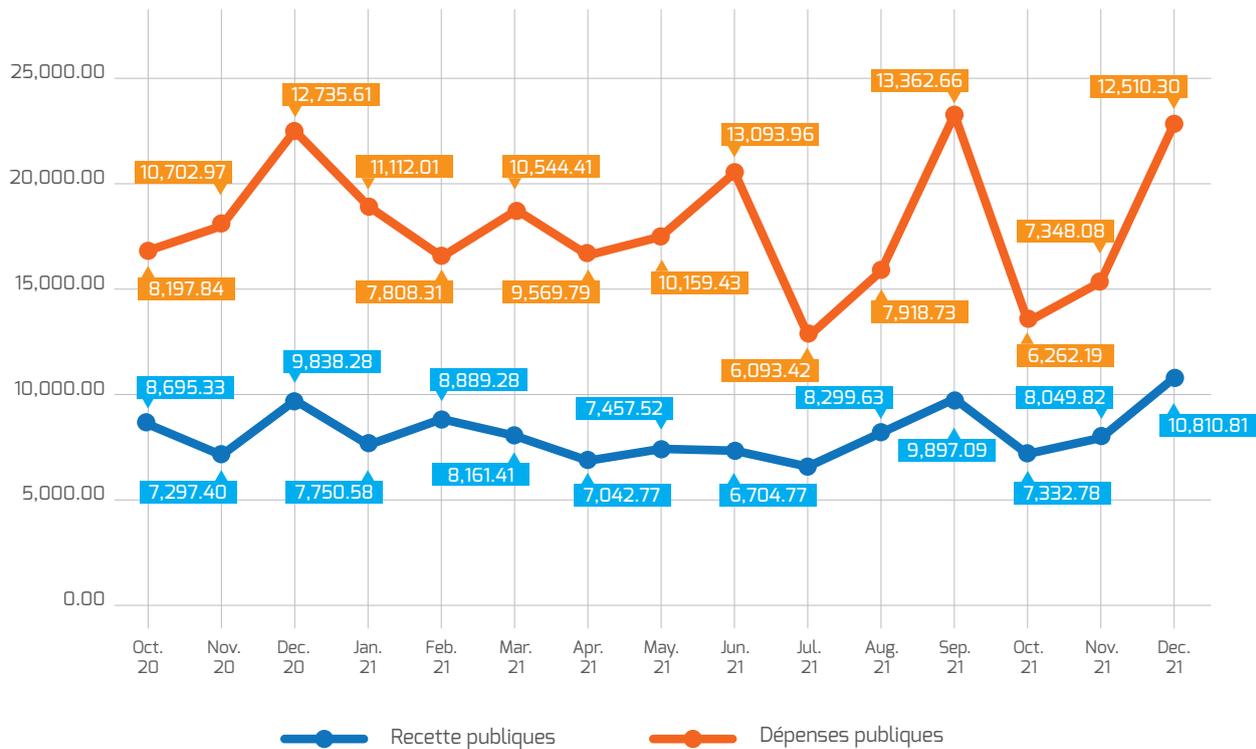
The continuous decrease of the GDP during the last few years reduced the ability of the financial authorities to mobilize enough funds to meet the needs of the population. The political shocks verified in the country, especially the coup of February 7, 2021 according to the President of the Republic Jovenel Moïse and his assassination on the night of the 6th to 7th of July 2021, considerably deteriorated the business scenario and the proper functioning of the Government.

In the initial budget, the government estimated that its revenue would be around 133 billion gourdes for the 2020-2021 fiscal year, but that number was lowered to 97 billion gourdes, that is, below 100 billion. The deficiency of government funds did not stop it from maintaining a high level of government expenses throughout the fiscal year. Notwithstanding a monthly average of around 8 billion gourdes per month in terms of government revenues, the financial authorities increased government

expenses to more than 15 billion gourdes per month (see Figure 2). Those expenses were allocated for the most part to current expenses such as the public administration salaries and goods and services expenses. It is estimated that less than 10 billion gourdes were put aside for public investment expenses.

The government's choice of where to spend its funds explains, in part, the evolution of the foreign trade in the Haitian economy during the 2020-2021 fiscal year. In fact, the government expenditure that encouraged consumption and influenced the volume of imports as well as the low amount of government investments was not capable of supporting the volume of goods of services exported. The exports amount remained at close to 1 billion US dollars while the imports reached around 5 billion.

Graphic 2  
**Government Revenue and Expenses**  
 (in billion gourdes)  
 (October 2020 – December 2021)



Source: Ministry of Economy and Finance (Ministère de l'économie et des Finances - MEF)

## Strong pressure on the exchange and, goods and services markets

The imbalances verified in public finances and the trade balance put pressure on the different goods and services markets during the fiscal year under analysis. The large flow of gourdes from the Central Bank to support the budget deficit had a negative impact on the behavior of the local currency against the American currency. The substantial increase in the number of US dollars originating from currency transfers without a counterpart, that is 4 billion according to the Haitian Republic Bank, did not prevent the depreciation of the gourde against the US dollar. The exchange

rate thus went from less than 65 gourdes in October 2020 to more than 98 gourdes in September 2021, representing a depreciation of more than 50% of the local currency (see Figure 3). The trend continued during the last three months of 2021, to reach the psychological mark of 100 gourdes per 1 US dollar in December 2021. Such depreciation is the result of not only the monetary funding of the budget deficit by the Central Bank but also the deficiency of funds generated by exports, Direct Foreign Investments, and the arrival of international tourists in the country.

Graphic 3

## Evolution of the Haitian gourde Exchange Rate against the US dollar

(October 2020 – December 2021)



Source: Haitian Republic Bank (Banque de La République d'Haïti - BRH)

The appreciation of the US dollar in the Haitian currency exchange market contributed to increase the country's oil bills and fueled the pressure over the public finances due to the

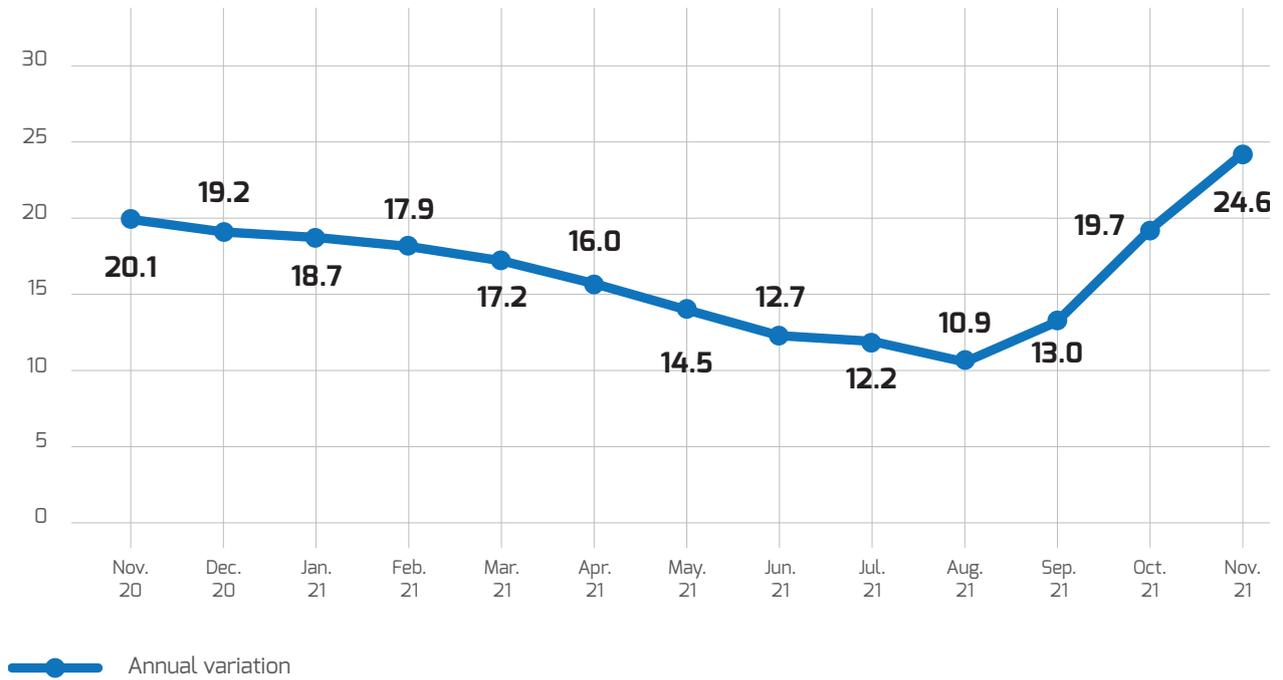
government's decision to maintain the price of gas at the pump unchanged. This kept the inflation rate at more than 10% for the entire fiscal year (see Figure 4).

## Perspectives

The inability of the political players to deal with the crisis several months after the assassination of the President of the Republic, Jovenel Moïse, reinforced the pessimistic expectations of both consumers and investors. The sharp deterioration of the business scenario caused by the constant political instability is unlikely to allow for an economic recovery after three consecutive fiscal years of GDP decrease. It must be added that the exodus talent and capital caused by the propagation of insecurity, with a high number of kidnappings for ransom, will prove to be a serious obstacle to the recovery of the Haitian economy.

The first economic and financial indicators for the new 2021-2022 fiscal year analyzed by the latest monetary policy notice of the Haitian Republic Bank does not lead us to believe in a return to the growth of the GDP after three years of contraction. In fact, the continuation of the political crisis limits the government's financial capacity to make public investments and the deterioration of the business scenario discourages private investments may jeopardize the economic recovery in 2022. The strong increase in the price of agricultural and oil products in the world's economy constitutes a serious external shock for the Haitian economy and threatens to worsen the situation of poverty and extreme poverty in the country.

Graphic 4  
**Evolution of the inflation rate year-on-year**  
 (October 2020 – December 2021)





# STRATEGIC CHANGES OF THE COMPANY'S STRUCTURE

AIC entered a new strategic direction allowing the company to be dynamic in identifying opportunities amid the environment of uncertainty and risks.

At the end of the fiscal year of 2021, AIC updated its strategic plan to better guide decision making as well as the direction of the Company in the evolving environment. The introduction of the department of Business Development and the department of Innovation into the company structure, aimed to create more tangible and differentiated value added to our shareholders and clients.

These units will be responsible for continuing providing solutions by nurturing our growth and innovation, and striving, as we have always done in accordance with our culture and values, to create positive outcomes for the future while adapting to the needs of clients and remaining nimble in the face of constant and fast change.



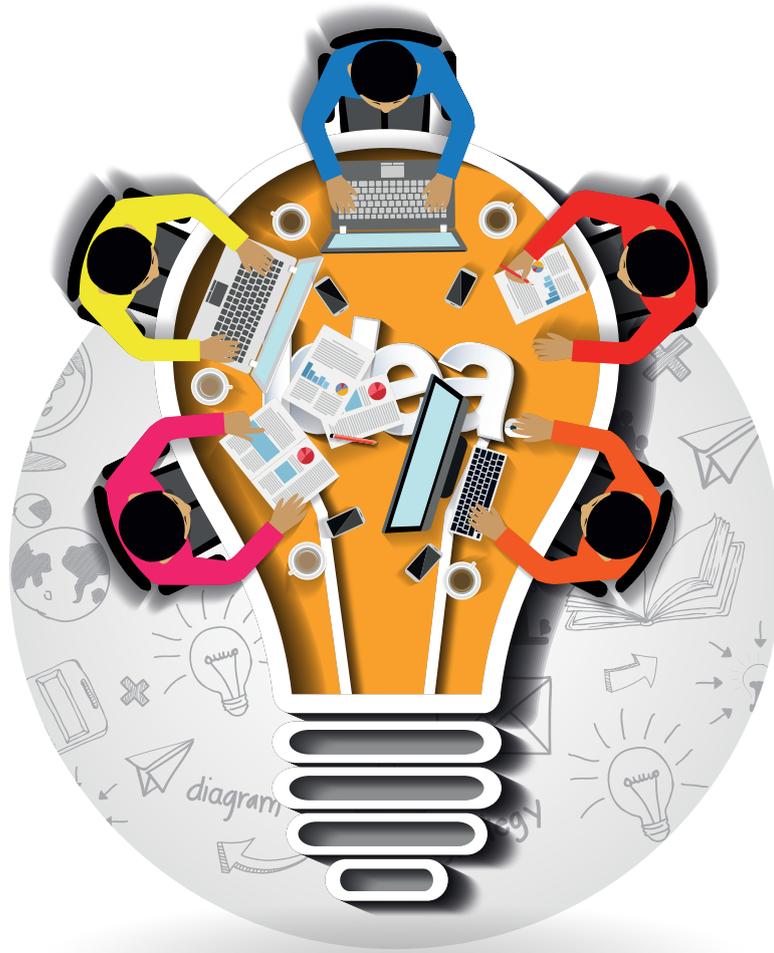
## | Business Development

Our new service unit has brought together the departments of marketing, sales, and customer care under the same leadership.

As a multiline insurance company, one that offers auto, home, business, life, health and microinsurance products, we are in a continuous process for creating and optimizing tools tailored to the unique needs of the multi target market we served. This means that by taking care of different sectors of the country and segments within the population, we also face a vast variety of drivers the decision-making process of choosing and trusting an insurer.

Therefore, the Business Development department main mission is to streamline and align the communication between the 3 areas that are key for staying closer to clients to better understand their needs and be able to adapt ourselves to meet their demands in an ever-changing world. This unit will make sure we are reinforcing our customer care team on regular basis with the adequate tools and know-how to better serve our clients, and for delivering our brand promise of providing them with a piece of mind. **Moins de problèmes, plus de solutions.**

We have built an extraordinary team, one that sets the example of commitment to one another and to our clients.



## | Innovation Department

This business unit oversees and implements changes in approaches, methods, products, and processes to enhance competitiveness and improve organizational efficiencies. It identifies, strategizes, develops, and drives transformative initiatives.

We are aiming to evolve our company mindset into a more innovative work culture aligning with our overall business strategy. This will build capacities oriented to foster and nurture innovative thinking to empower each one of AIC's collaborators to participate and contribute to changing the way we work by offering value-added solutions.

### **Create an innovative culture by championing the role of innovation.**

The department will oversee and implement new business solutions, ensuring timely development, and successful rollout and commercialization of innovation initiatives.

In essence, the Innovation Department will act as an incubator within AIC and help all departments to land their initiatives.

# FINANCIAL REPORT



In our opinion, the consolidated balance sheets and income statements present fairly, in all material respects, the financial position and results of operations of Alternative Insurance Company S.A. at September 30, 2021. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Joseph PAILLANT, FCPAH BucoFisc

## | Income Statement:

Despite a contraction of our written premiums relatively to previous year, due to an appreciation of our local currency relative to the US dollar, AIC has managed to increase its net profit by 14%.

In thousands of gourdes

Income Statement	2021	2020
Gross Written Premiums	1,506,909	1,635,821
Net Written Premiums	1,217,726	1,308,332
Claims for losses	(554,890)	(560,108)
Gross Margin	662,836	748,224
Gross Profit after other income and expenses	223,589	193,751
Taxes	(56,037)	(47,246)
Net Profit	167,552	146,504

## Balance sheet:

AIC's capital position remains strong, enabling us to continue to confidently serve our stakeholders, clients and partners, grow our company well into the future.

In thousands of gourdes

Balance Sheet	2021	2020
<b>Assets</b>		
Cash	179,205	157,332
Total short term assets	992,619	596,945
Total long term assets	2,554,687	1,640,586
Other assets	187	187
<b>Total assets</b>	<b>3,726,699</b>	<b>2,395,050</b>
<b>Liabilities</b>		
Technical reserves	795,346	724,708
Other short term liabilities	1,441,947	829,869.41
Total long term liabilities	490,836	338,686
<b>Total liabilities</b>	<b>2,728,129</b>	<b>1,893,263</b>
<b>Owner's equity</b>	<b>998,570</b>	<b>501,787</b>
<b>Total liabilities and owner's equity</b>	<b>3,726,699</b>	<b>2,395,050</b>

## | Key Ratios:

Our financial results for fiscal year 2021 are reflected through favorable key ratios.

Key Ratios	2021	2020
% Claims paid	100%	100%
<b>Performance</b>		
Return on average assets (ROAA)	5%	6%
Return on average equity (ROAE)	22%	35%

## | AIC Portfolio Composition:

AIC offers a wide range of products with coverage adapted to all types of needs. The life and health portfolio represents a larger share in the composition of the company's portfolio due to the appreciation of the local currency.

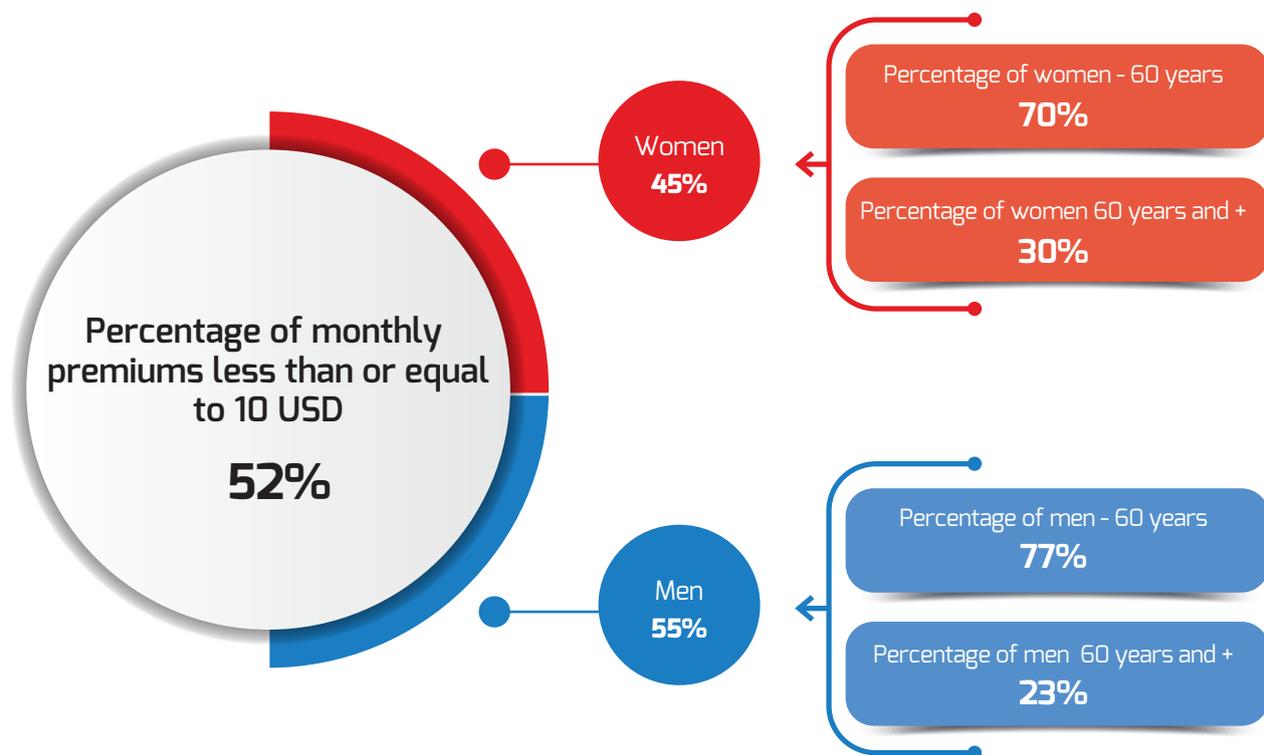
Portfolio composition	2021	2020
Life and Health	44%	37%
Non Life	56%	63%

# SOCIAL INDICATORS

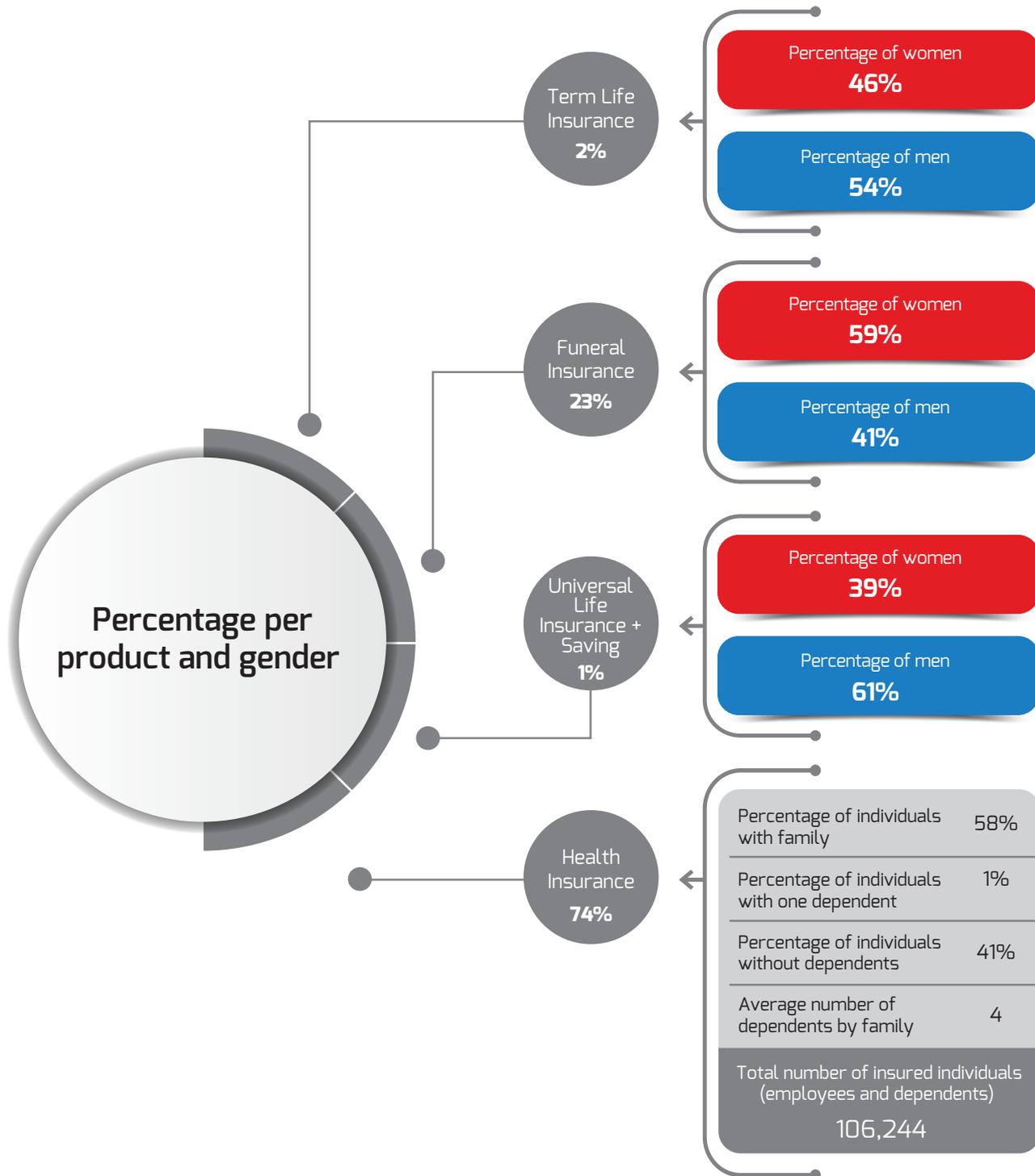
The 2020 – 2021 fiscal year has been a difficult one for our country. Marked by both the assassination of the President followed by an earthquake which caused a high number of human and material losses in the great South, an area which was still recovering from recent hurricanes. It is in such challenging times that we, as insurer, are reminded of the immense responsibility that we have in the life of both businesses and households, to provide a safety net in times of uncertainty.

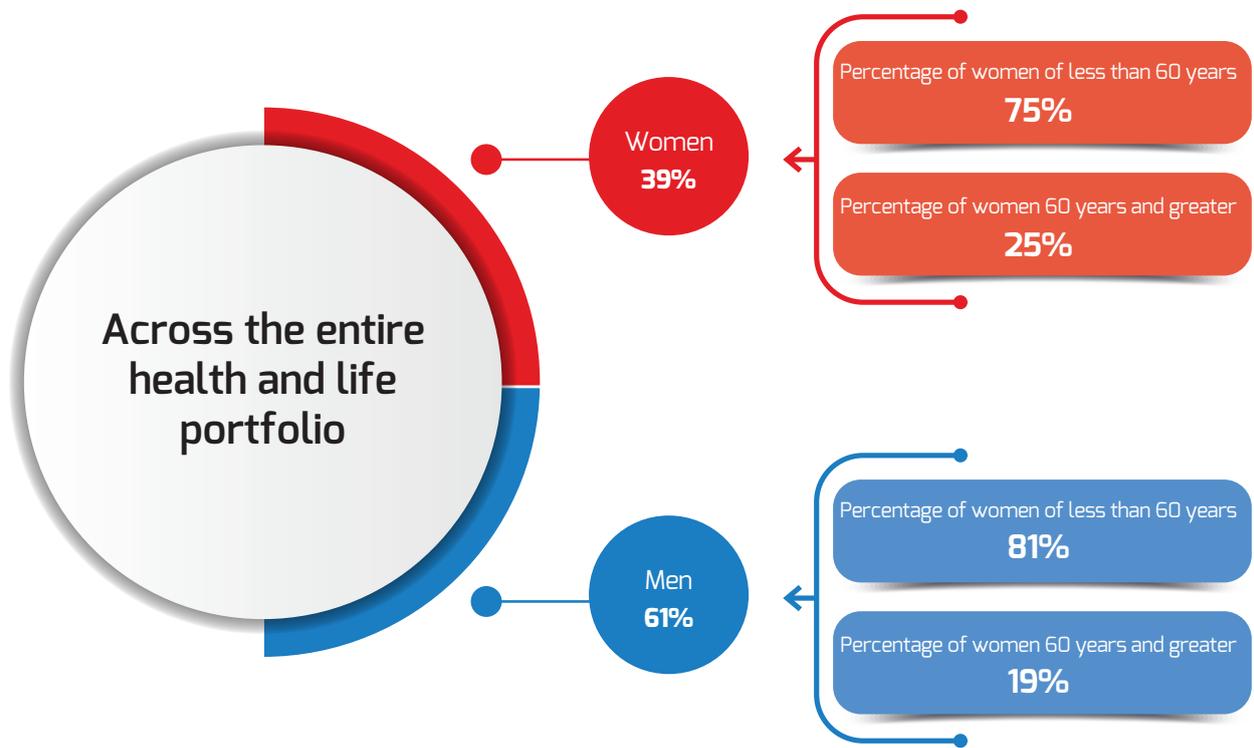
We would like to thank our partners including first responders, medical teams, hospitals, and funeral homes, who reacted spontaneously and efficiently despite their own difficulties.

Despite these disastrous events, we were able to grow both the life and health portfolio from the previous year and with no material change to our social indicators. The percentage of policyholders who contribute less than 10 USD per month remains the predominant demography in our total portfolio, at 52%, cementing AIC’s value of commitment to inclusive insurance as a necessary tool in the protection of wealth.



In this context, the need for health insurance remains of the utmost importance. The daily challenges posed by insecurity causing stress and psychosomatic illnesses combined with more frequent traffic accidents and the increase in cardiovascular diseases make insurance an essential tool for all.





# CORPORATE SOCIAL RESPONSIBILITY

At AIC, Corporate Social Responsibility has always been a part of the Company's vision to have a positive implication and long lasting impact in our country.

In 2021, AIC joined efforts with its long standing partner, Banque de l'Union Haitienne (BUH), to provide financial support of up to 50 million gourdes over four-years to the Haitian Olympic Committee (COH). This partnership is aimed at improving and strengthening the facilities and tools for the development of men and women through sports and athletics, thus having a direct and long lasting positive impact on local communities.

This sponsorship will pave the way for several benefits, allowing Haitian athletes and future generations to have access to the needed tools to see them excel at a worldwide level. This will also help the Haitian Olympic Committee provide more resources and consolidate their structures to ensure better governance.

This partnership will spell a new future for national athletics rendering them more accessible to local athletes while promoting values that, in sports much like in our day-to-day lives, are pillars to success such as respect, discipline, good governance and team spirit.



# Alternative Insurance Company

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