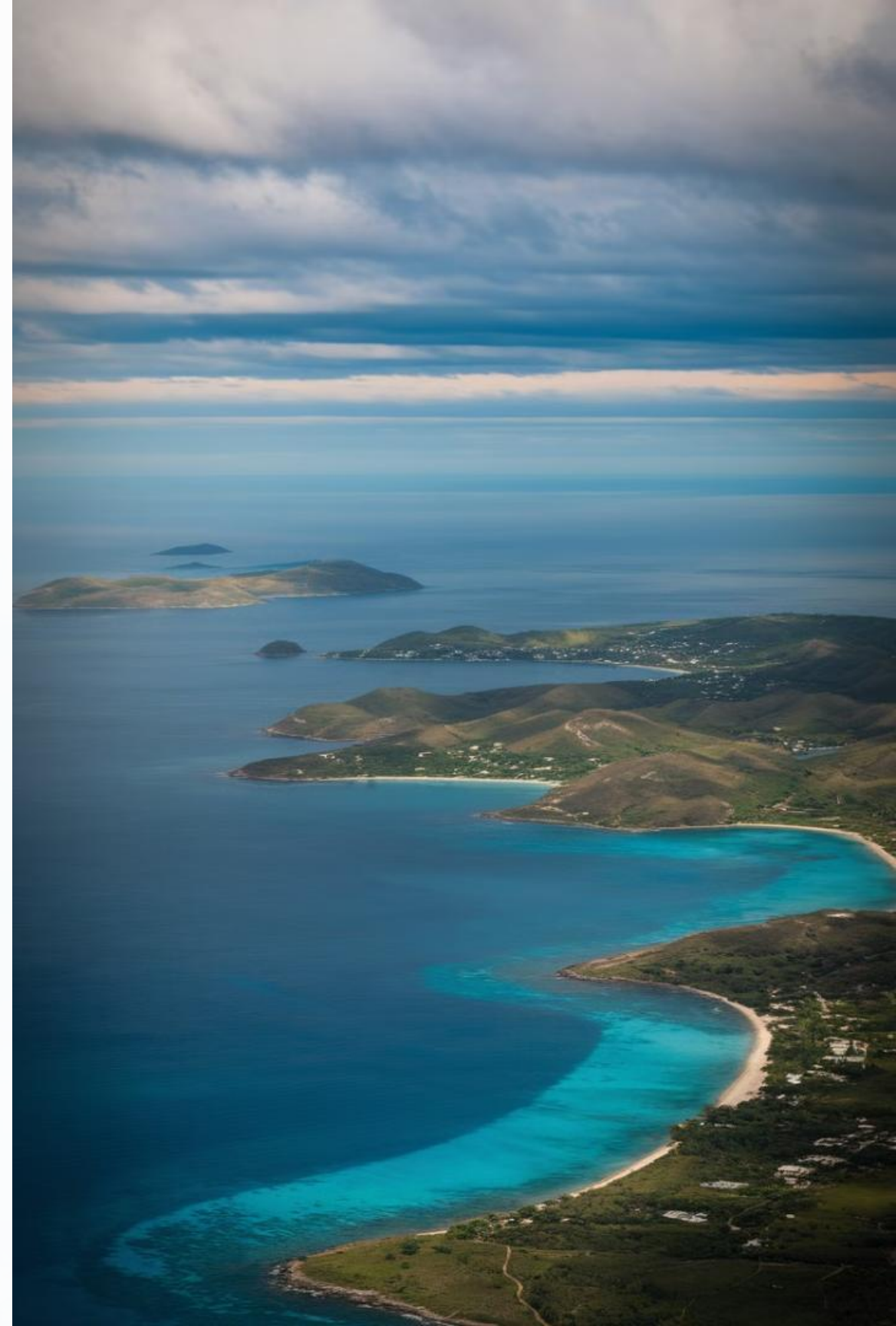




Renewal Strategy for Policy Year 2025/26

An overview of CCRIF's renewal strategy for the upcoming policy year, highlighting key changes and improvements.



Renewal Process Timeline



November 26, 2024

Internal CCRIF renewal strategy meeting held, two months earlier than last year.

January 2025

Pricing done by CCRIF actuarial team.

February 2025

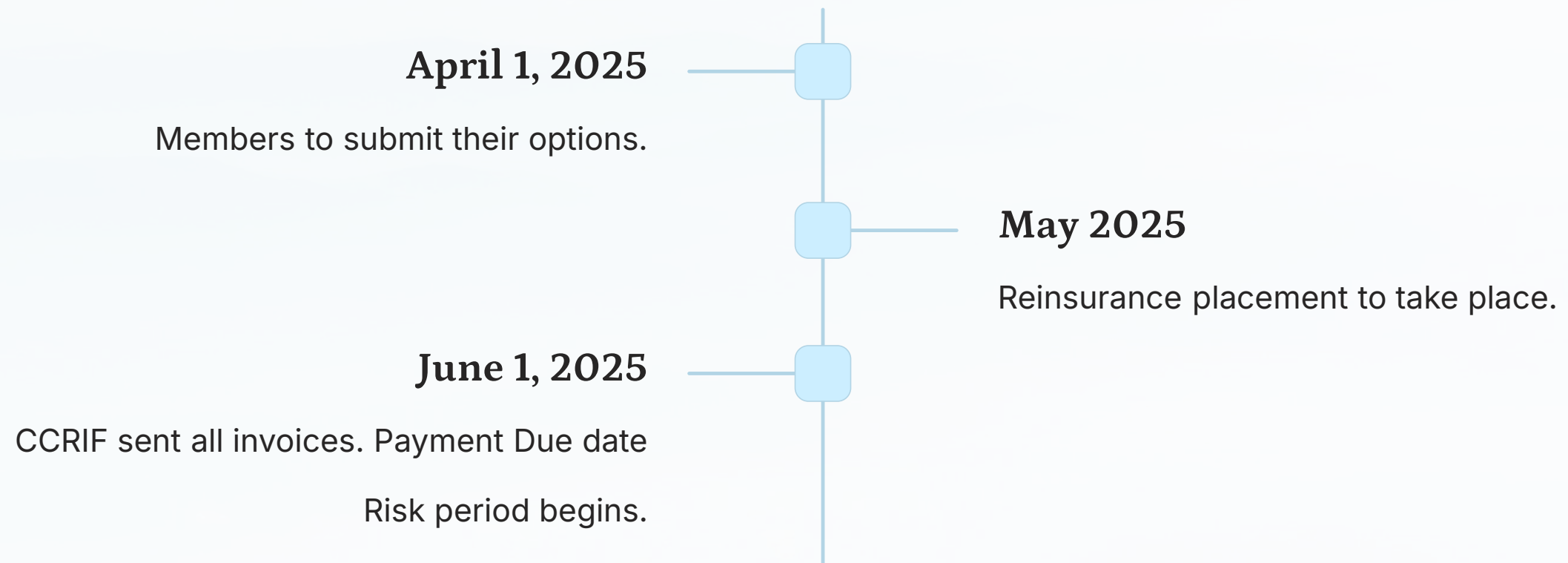
Renewal letters sent to members for TC, EQ, XSR, and electric utilities.

Mid-March 2025

CCRIF to conduct all renewal meetings.



Renewal Process Timeline (Continued)



Model Changes: XSR and COAST

XSR Model Upgrade

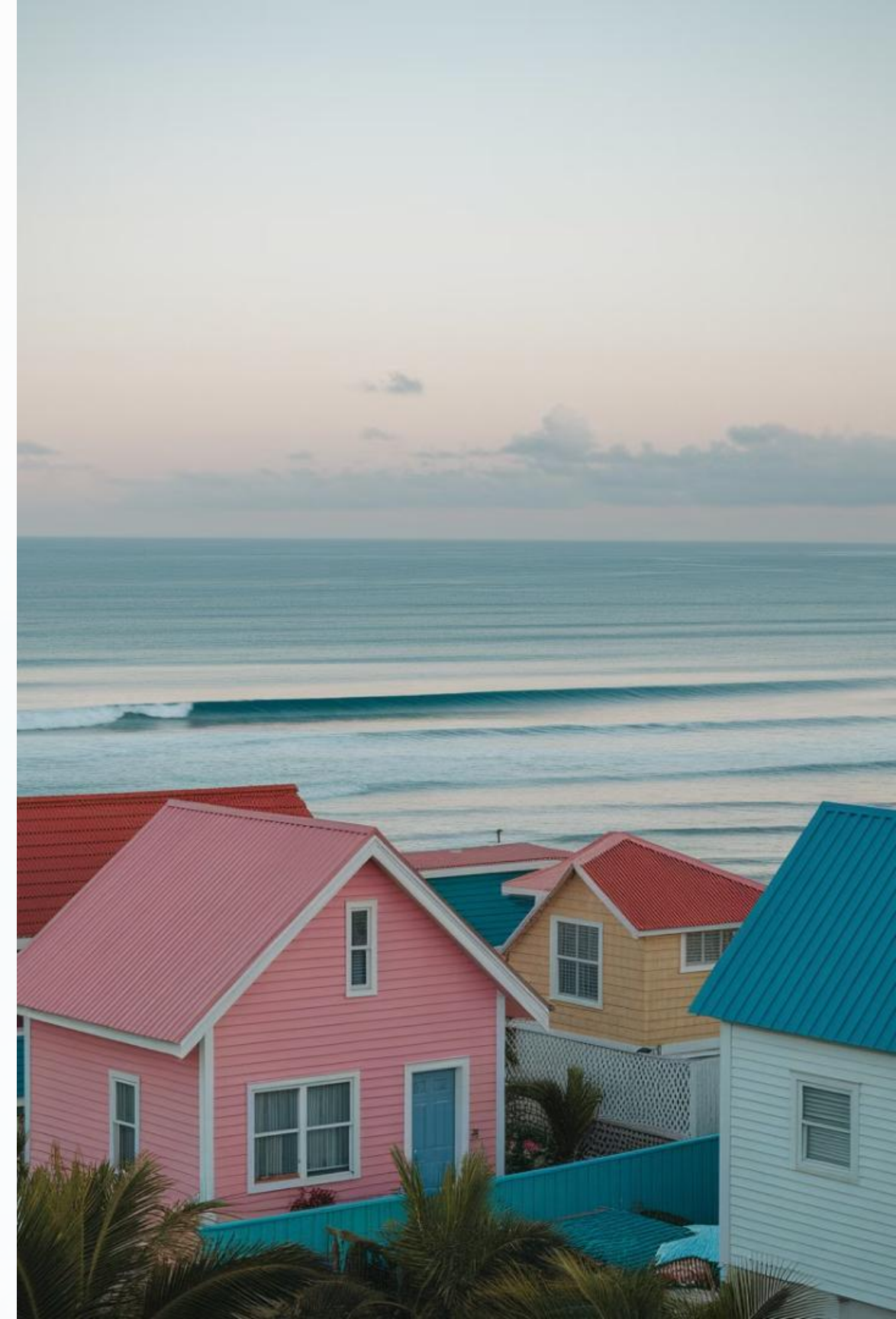
New NASA IMERG dataset integrated, changing some members' risk profiles.

TC SPHERA Model Review

Ongoing review of asymmetry factor, no impact on TC policy pricing.

COAST Policies

Wave damages included, improving coverage with slight price increase.





2024 Natural Disasters: preparing for an increase in reinsurance costs

140B

Insured Losses

US\$ 140 billion in insured losses out of \$320 billion total losses from natural disasters in 2024. Since 1980, only two years have been more expensive

56B

Largest Overall Loss

Hurricane Helene caused US\$ 56 billion in overall losses.

123M

CCRIF Payouts

CCRIF paid out a record \$123 million in claims.

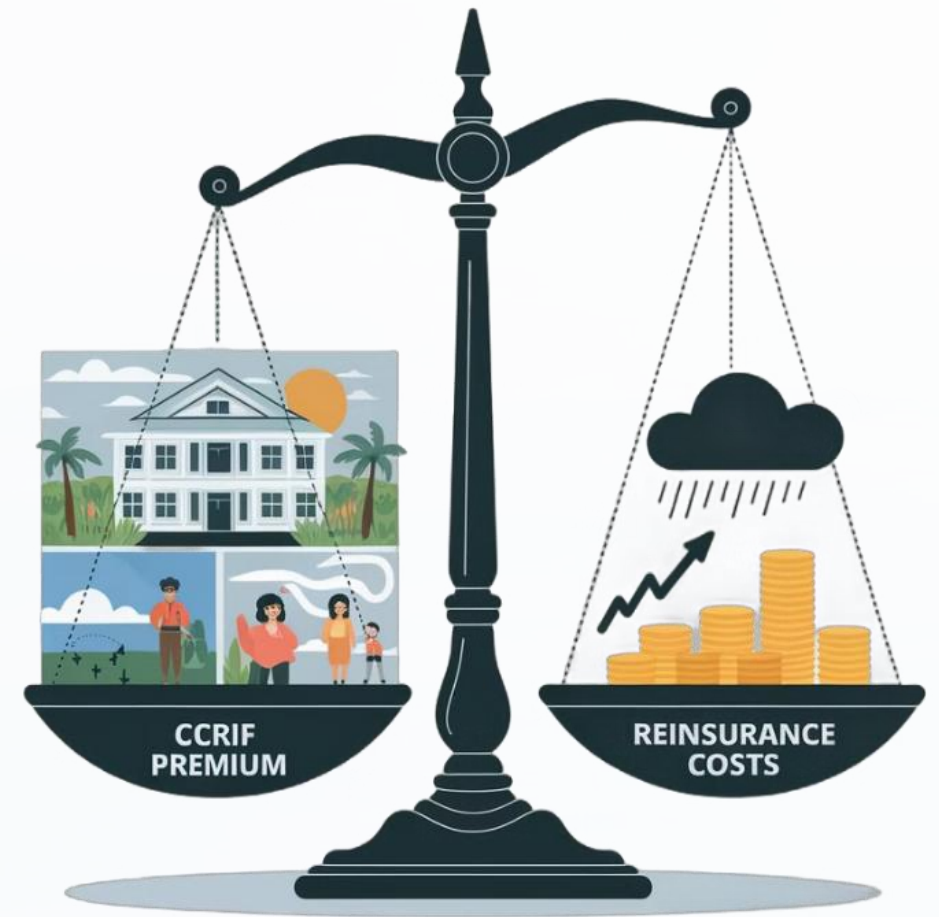
Premium Increase and Sustainability

10% Premium Increase

TC and EQ policy premiums will increase by 10% to cover higher reinsurance costs.

Sustainability Focus

Increase is critical for the long-term sustainability of the CCRIF program.



Excess Rainfall (XSR) Endorsements



Wet Season Trigger (WST)

Identifies excess
rainfall during soil
saturation periods.



Localized Event Trigger (LET)

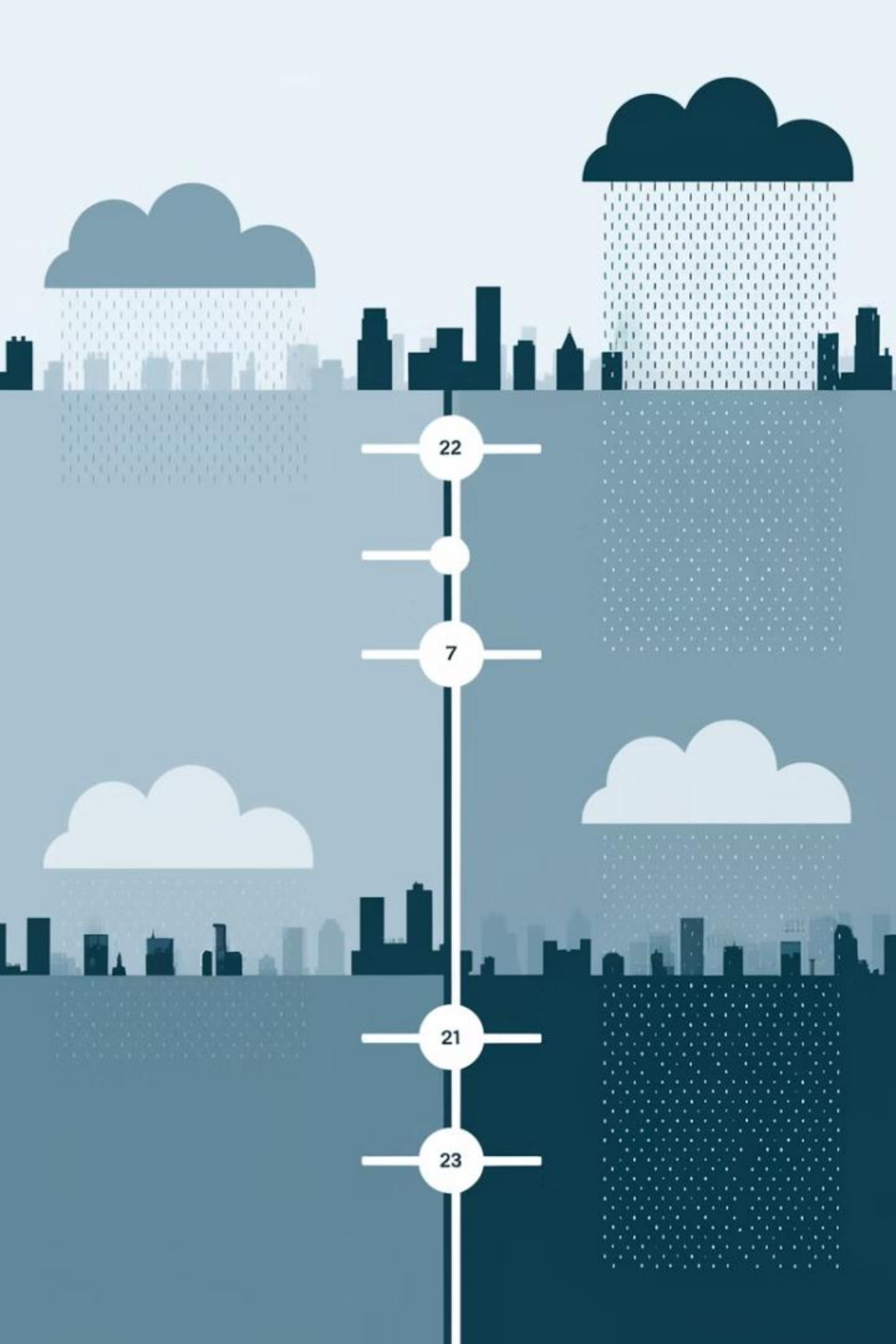
Detects extreme
precipitation in
confined areas.



Local Index (LI)

Compares local to
national precipitation
levels during events.





XSR Endorsement Payouts



Main XSR Policy

Covers widespread rainfall events.

LET Endorsement

Provides payout for localized extreme rainfall.

WST Endorsement

Covers rainfall during periods of soil saturation.



Additional Policy Features

Aggregate Deductible Cover (ADC)

Partial payment for losses greater than 50% of attachment point.

Minimum Payment

Ensures minimum payout equal to premium paid by member.



Challenges with Previous Reinstatement Structure

1 Upfront Payment Burden

Members paid reinstatement premiums in advance, reducing funds for coverage.

2 Uncertainty

Countries paid for potential reinstatement even if never needed.

3 Reinsurance Cost Mismatches

Pre-paid premiums didn't always match actual reinsurance costs.

New Flexible Approach to Reinstatement



Pay When Needed

Reinstatement premiums paid only after a payout occurs.



Accurate Calculation

Based on claim amount, rate on line, seasonality, and market pricing.



Continuous Protection

Coverage restored up to 100% of initial limit for remaining period.



Insurance Payout and Premium Process



Example of reinstatement



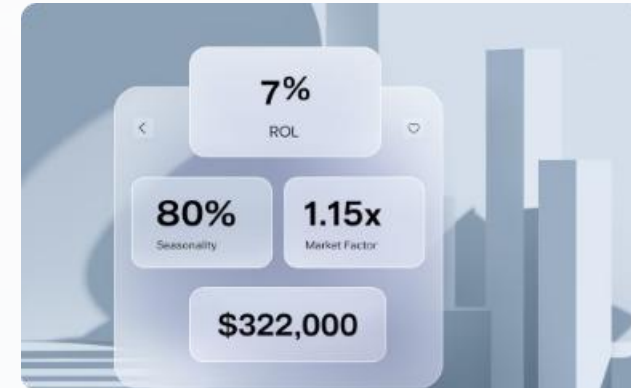
Step 1: Initial Coverage

Country purchases **\$20 million** in coverage for hurricane season, with no prepaid reinstatement premium required.



Step 2: Hurricane Impact

After a **\$5 million** payout, coverage reduces to **\$15 million**.



Step 3: Premium Calculation

Reinstatement premium calculation:
 $\$5M \times 7\% \times 80\% \times 1.15 = \$322,000$

- Rate on Line: 7%
- Seasonality: 80%
- Market Factor: 1.15x



Step 4: Final Outcome

Net payout of **\$4.678 million** after deducting reinstatement premium, with coverage restored to full **\$20 million**.



Benefits for CCRIF Members

1 Cost Efficiency

Pay only when needed, freeing up funds for larger initial coverage.

3 Transparency

Clear and fair calculation method for reinstatement premiums.

2 Improved Cash Flow

Costs align with actual payouts, aiding in financial management.

4 Continuous Protection

Maintains coverage when it is most needed.

CCRIF's Financial Sustainability

Market Alignment

Adjusts costs based on actual reinsurance expenses.

Long-Term Affordability

Helps stabilize premiums for all members.



Efficient Resource Use

Ensures sufficient funds for additional reinsurance purchases.

Risk Pool Management

Maintains coverage availability throughout the season.

Q&A

