

CCRIF Provides Members with New Risk Profiles for Tropical Cyclone and Earthquake

During February, CCRIF provided all member countries with new risk profiles for tropical cyclone and earthquake policies for their review. CCRIF prepares country risk profiles for each member country. The profiles provide an outline of the hazard characteristics and risks for the country as well as economic loss information used by our catastrophe models and include information about the models that underpin the associated products. The profiles have been designed to provide this information in a simple, accurate and robust manner covering the demographic, geological and economic characteristics of their territories, whilst at the same time assessing the impacts of historical events that may have caused damage to infrastructure, population and the economy.

The main objective of the risk profiles is to provide a clear picture of the key risks that the country faces in order to guide national catastrophe risk management and inform decision making for both risk reduction and risk transfer (via CCRIF coverage and other mechanisms that may be available). They provide the basis for CCRIF to discuss coverage options with each country individually and to underwrite country policies once coverage levels have been agreed. As such, these profiles present losses for the country at different probabilities of occurrence (more precisely referred to as probabilities of exceedance). The exceedance probabilities act as the basis for pricing of the risk transfer product (i.e. CCRIF's insurance policy) and represents the established way of quantifying risk.

The SPHERA model for TC and EQ will be used to underpin the 2019/20 policies and replaces the MPRES model, which has been used since 2011. The SPHERA model incorporates new information and data; it includes the most recent hazard events and employs the most up-to-date scientific findings and methodologies in hazard modelling and therefore is able to generate a higher precision in the evaluation of losses due to earthquake and tropical cyclone hazards.

As part of its thrust to continuously improve the quality of products and services it provides to members, CCRIF makes improvements to its models from time to time based on new and emerging trends in the science of model development as well as the availability of new information and data to enhance the quality of the models and the products it provides.

The development of the CCRIF catastrophe risk profiles is an important contribution to national and regional risk management institutions through the collection of a significant set of detailed databases on national catastrophe risk exposures in member states. These risk profiles facilitate increased knowledge of the extent of catastrophe risk facing CCRIF member countries and can help governments better adapt to known threats and mitigate against future threats. The data contained in these profiles can also be used by countries in their development planning frameworks and in the preparation of national disaster management plans for example.