

**Strategic Donor Meeting in Support of
CCRIF SPC**

March 23, 2015

Remarks from CCRIF

Mr. Milo Pearson, Chairman, CCRIF SPC

Dr. Warren Smith, President of the Caribbean Development Bank, Mr. Seibert Frederick, Ministry of Finance and Economic Affairs, Ambassador Dr. Lutz Görgens, Ambassador of the Federal Republic of Germany to Trinidad, Barbados and the OECS, Permanent Secretary Dr. Aidan Harrigan from Anguilla, development partners, regional partner organisations, CCRIF Board members, CEO and Team. Good morning.

I would like to thank the Caribbean Development Bank for co-hosting this meeting. I am pleased to bring remarks and to thank everyone for being here to discuss how we can work together to achieve our mutual goals. In my remarks I will take the opportunity to provide an update on the work of CCRIF since we last met two years ago.

Of key significance is that in 2014, the facility was restructured into a segregated portfolio company (SPC) to enable us to offer new products and expand into new geographic areas. We are now named CCRIF SPC. This new structure, in which products are offered through a number of segregated portfolios, allows for total segregation of risk.

I am pleased to announce that we are at an advanced stage of preparations to bring Central American countries on board as members of CCRIF. This initiative will result in a range of benefits to both regions including a broader sharing of administrative costs, more stable premium income, and the potential to leverage CCRIF's capital to generate underwriting profits.

As mentioned by Dr. Smith, in an attempt to continue our commitment to continually source the best policy pricing for current and future member

countries, CCRIF has been examining the use of catastrophe bonds and collateralised reinsurance to diversify its sources of risk capital to include the capital markets. In July 2014, the World Bank issued its first ever catastrophe (“cat”) bond. This US\$30 million instrument will provide three years of annual aggregate protection for hurricanes and earthquakes affecting the current CCRIF member countries, thereby enabling CCRIF to benefit from access to the highly competitive prices offered by the cat bond market.

Two years ago when we met, we had a discussion about the excess rainfall product that CCRIF was developing in direct response to interest expressed by many CCRIF participating countries and stakeholders in making available catastrophe flood coverage. In 2014, CCRIF and Swiss Re launched an excess rainfall parametric insurance product and eight member countries purchased the coverage with a total coverage limit of US\$36.3million. During 2014, excess rainfall policies were triggered four times – based on Tropical Cyclone Gonzalo in October and two separate troughs in November. Three countries received payouts – Anguilla – who received two payments, Barbados and St. Kitts & Nevis.

As an organisation, we are still a young one, we still have a lot to do to assist our members... Notwithstanding this, we are a dynamic entity, and we are always looking for new ways to provide products and tools that would assist the region. We want to continue to work with you - our regional partners and donors to ensure that our members and the other countries in the region understand the importance of ex-ante and ex-post financing and that risk transfer mechanisms such as CCRIF are becoming increasingly important and a key and indispensable component of economic policy and disaster risk management strategies as countries seek to grow their economies, reduce poverty and become internationally competitive.

I also would like to share with you that globally CCRIF continues to gain recognition – especially as it relates to the paradigm shift in the way governments treat risk. Internationally, Caribbean governments continue to be recognised for leading the way in pre-disaster planning. Just last week, World Bank President, Jim Yong Kim announced plans of the World Bank Group to develop a pandemic

emergency facility that would be fashioned after CCRIF and trigger payouts as the result of biological threats through epidemics or pandemics. Also, at the end of the recently concluded third annual United Nations World Conference on Disaster Risk Reduction last week, three Australian scientists tabled a whitepaper about Developing Regional Insurance for Climate Change Adaptation in the Pacific, which calls for the development of a scheme like CCRIF for the Pacific region. The paper articulates that these types of insurance mechanisms are a tangible means by which developed countries such as Australia, Japan, New Zealand and the US might contribute short- to medium-term funding to improve the adaptive capacity of these small island states to climate change.

As we move forward, I encourage you to be open and forthcoming as we discuss how CCRIF can support your objectives and the objectives of Caribbean governments and how CCRIF can continue to be a viable partner in disaster risk management. I welcome this opportunity to foster areas of further collaboration among all of us here today.

Thank you