



International
Labour
Organization



Supported by:



Federal Ministry
for the Environment, Climate Action,
Nature Conservation and Nuclear Safety



based on a decision of
the German Bundestag



LIVELINESS
PROTECTION
POLICY

THE 1ST PRODUCT OF THE CCRIF MICROINSURANCE FACILITY

WHAT IS THE LIVELIHOOD PROTECTION POLICY?



- A parametric (weather index-based) insurance product.
- An insurance product providing quick cash payouts after an extreme weather event.
- Designed for people whose livelihoods are affected by heavy rains and tropical cyclone-induced winds:

Fisherfolk

Farmers

Food, craft and
market vendors

Day labourers

Construction
workers

Seasonal tourism
workers

Taxi and bus
drivers

Micro and small
business owners

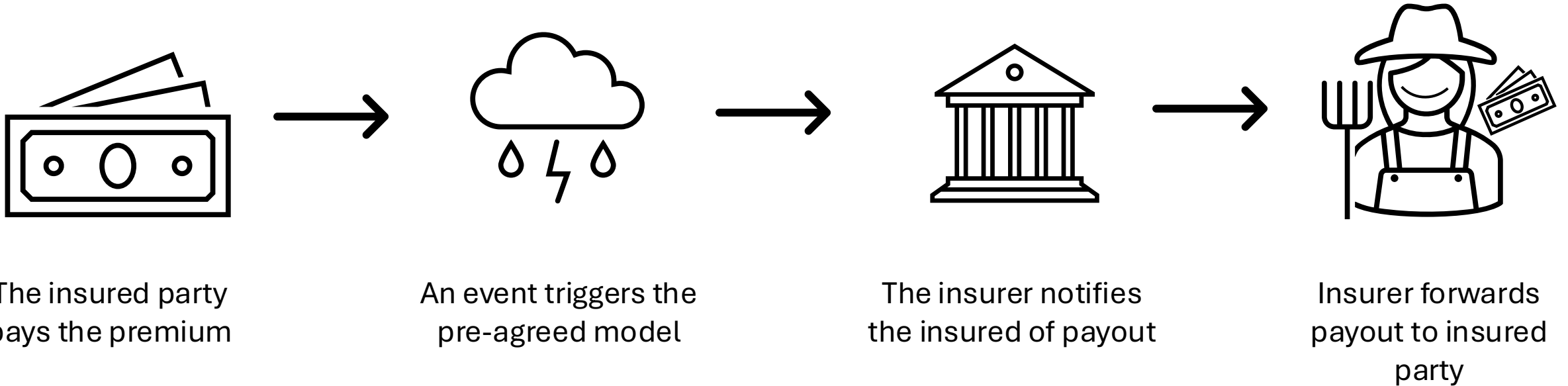
Amateur
musicians and
entertainers

THE LPP: A PARAMETRIC MICROINSURANCE PRODUCT

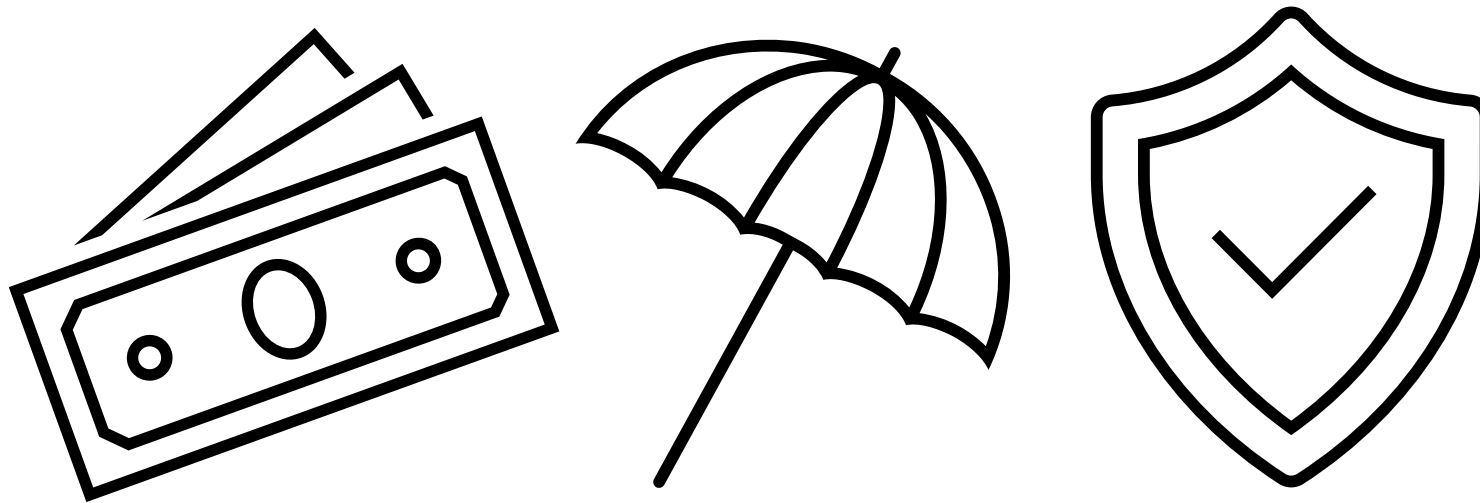


Parametric insurance products make payments based on the intensity of an event and the amount of loss calculated in a pre-agreed model.

The simple process is as follows:



WHAT ARE THE BENEFITS OF THE LPP?



- **Quick Liquidity:** Provides fast payouts after a disaster; no claims processing
- **Financial Protection:** Reduces the likelihood of vulnerable households falling into poverty
- **Resilience:** Strengthens resilience by ensuring that livelihoods are protected and local communities and economies can rebound quickly after climate-related events

YOU MAY HAVE HEARD ABOUT THE LPP BEFORE...



- CCRIF's expansion into microinsurance was initially based on a pilot version of the LPP, developed and tested as part of the *Climate Risk Adaptation and Insurance in the Caribbean (CRAIC)* project.
- The 5 pilot countries:
 - Belize, Grenada, Jamaica, Saint Lucia, Trinidad & Tobago
- Taking all the lessons learned, we now have a state-of-the-art product using CCRIF models that is able to serve a range of persons whose livelihoods are affected by climate-related events.



IT IS NOW UNDERPINNED BY:

CCRIF'S PARAMETRIC INSURANCE MODELS

WHY ARE WE USING CCRIF RISK MODELS?



- **Region-specific models** – lower basis risk
- **High credibility** - peer-reviewed, regulator- and reinsurer-approved
- **Alignment with CCRIF Sovereign Products** – proven impact across the region – since its inception, CCRIF has made 82 payouts totalling US\$483 million (proof of concept)

X S R EXCESS
RAINFALL

SPHERA TROPICAL
CYCLONE

THE LPP STRUCTURE – PAYOUT AND PRICING

- Wind and Rainfall LPP are part of one product.
- The payout is structured around 4 trigger levels:
 - Mild, Moderate, Severe, and Catastrophic.
- The policy structure includes an aggregated limit and two sub-limits, one for each peril, which corresponds to 50% of the aggregated limit.
- Pricing is uniform across administrative units (parishes, counties, etc.) and pilot countries.

Payout Table - Rainfall

Trigger Level	Payout (% of sub-limit)
1 (Mild)	20%
2 (Moderate)	35%
3 (Severe)	75%
4 (Catastrophic)	100%

Payout Table - Wind

Trigger Level	Payout (% of sub-limit)
1 (Mild)	20%
2 (Moderate)	35%
3 (Severe)	75%
4 (Catastrophic)	100%

AN LPP PAYOUT SCENARIO – HURRICANE MELISSA



In Jamaica, CCRIF confirmed modelled losses, and if the LPP were available, policies for policyholders in St. Elizabeth, Westmoreland, St. James, and Manchester would have triggered, as follows:

- LPP wind values would have triggered Level 4/Catastrophic (100%) payouts in the 4 parishes.
- LPP rainfall values would have triggered payouts of:
 - Level 3/Severe (75%) payouts in St. James and Manchester
 - Level 1/Mild (20%) payouts in St. Elizabeth and Westmoreland

Policyholder – St. James – Seasonal Tourism Worker

Wind Trigger Level 4 (Catastrophic): **Triggered**

Rainfall Trigger Level 3 (Severe): **Triggered**

Payouts: Dual-hazard activation qualifies for a Level 4 (wind) and Level 3 (rainfall) payout.

What does this mean?

For a policy limit of US\$1,000 (US\$500 wind sub-limit, and US\$500 rainfall sub-limit), the policyholder would have received:

- 100% of the wind sub-limit (US\$500) + 75% of the rainfall sub-limit (US\$375) → a total payout of US\$875.

The insured would have paid around US\$115/J\$18,400 (11.5%) for this policy and would have received a US\$875 payout or J\$140,000 within days of Melissa.

HOW MUCH DOES IT COST? – A PRICING EXAMPLE



- The price of the LPP is based on the amount of coverage that you wish to purchase.
- Your premium, or the cost of the LPP, is calculated as a percentage of the coverage purchased.
- The percentage used to calculate the price of the LPP is based on the payout rates and exposure to both perils – wind and rainfall – and other factors.

EXAMPLE 1

Coverage required by insured –
J\$31,000

Sub-limits

Sub-limit for wind:
J\$15,500

Sub-limit for rainfall:
J\$15,500

Premium rate:
11.5%

Price of LPP –
J\$3,565



EXAMPLE 2

Coverage required by insured –
J\$155,000

Sub-limits

Sub-limit for wind:
J\$77,500

Sub-limit for rainfall:
J\$77,500

Premium rate:
11.5%

Price of LPP –
J\$17,825



MAIN PARTNERS



- **MCII, CCRIF SPC, ILO, UWI** – CRAIC Project Implementation Partners (Main output of CRAIC Project – The Livelihood Protection Policy).
- **CCRIF SPC** – Model Provider and Calculation Agent for the Livelihood Protection Policy.
- **Guardian General** – first insurer supporting the roll-out of the CCRIF LPP.
- Reinsurance Capacity is provided by the **Natural Disaster Fund (NDF)**, managed by **Global Parametrics**. The NDF is capitalized by the UK and German governments, blended with matching risk capacity from Hannover Re.
- White Label Platform - a digital insurance administrative platform solution developed in partnership with **CelsiusPro**, supporting the scaling up of the Livelihood Protection Policy.



HOW CAN YOU GET INVOLVED?



We're here for YOU!

Reach out to us via email at: pr@ccrif.org

GOVERNMENT REPRESENTATIVES:

Do you want the LPP in your country?

GENERAL INSURERS:

Do you want to add the LPP to your portfolio?

AGGREGATORS & DISTRIBUTORS:

Are you an insurance agent, broker, bank, credit union, cooperative, or community group interested in learning more?

If you are a Jamaican citizen interested in purchasing the Livelihood Protection Policy:

- Please send an email to Myantee.Mahabir@myguardiangroup.com
- or call GGIJL at: **1 (876) 926-3720**



LIVELIHOOD
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THANK YOU!

For more information, please reach out to us via email:

pr@ccrif.org

Please also scan the QR code to visit the LPP website.

<https://www.ccrif.org/livelihood-protection-policy-lpp>