CCRIF Members Renew Hurricane and Earthquake Policies

The sixteen member governments of the Caribbean Catastrophe Risk Insurance Facility (CCRIF) renewed their hurricane and earthquake insurance for the 2013/14 policy year that started June 1. Since CCRIF’s inception in 2007 – and despite increasing economic and financial pressures – member countries have recognised the value of including CCRIF’s parametric hurricane and earthquake coverage in their national disaster risk management strategies.

In light of the budgetary constraints felt by countries across the region, CCRIF sought again this year to minimise premium costs. For the 2013/14 policies, CCRIF provided a 25% discount on premiums because no payouts were made by CCRIF in 2012/13, resulting in an underwriting surplus for the organisation, which is run as a not-for-profit entity. Also, countries could apply a portion of their Participation Fee (a deposit paid when they initially became a CCRIF member) toward their premium payment and had the option to lower the minimum attachment point for tropical cyclones (hurricanes) from a fifteen-year to a ten-year return period. These all led to a reduction in the effective cost of coverage to countries this year by at least 25% and in some cases up to 50%.

The Facility also added the new excess rainfall product to its portfolio of offerings to Caribbean governments for 2013/14. This product specifically covers extreme rainfall events, from both cyclonic systems and non-cyclonic systems. It should be noted that rainfall is not included in CCRIF’s current hurricane policies, which trigger based on damage from wind and storm surge. Many countries have consistently expressed interest in excess rainfall coverage and in fact, the new product is of interest to countries which are not yet CCRIF members since they are not vulnerable to hurricanes or earthquakes but have significant extreme rainfall risk.

CCRIF recognises that rainfall is a leading cause of damage in the Caribbean – not only during hurricanes but throughout the year, and is seeking ways to enable countries in the region to obtain this coverage. Earlier this year, CCRIF, in collaboration with the Caribbean Development Bank, held a meeting with international development partners to explore ways in which they could support the roll-out of this product. These partners were very interested and indicated they would examine how they could provide support.

CCRIF Announces Recipients of its Extra-Regional Scholarships

Germaine Maxwell of Saint Lucia and Sean Hylton of Jamaica are the recipients of CCRIF’s 2013/14 extra-regional scholarships. Read this article and a related article on the expansion of the CCRIF-UWI Scholarship Programme on pages 4 & 5.
Over a two-day period, August 14 - 15 2013, approximately 20 meteorologists and disaster managers from across the region benefitted from training in the Caribbean Catastrophe Risk Insurance Facility’s (CCRIF’s) Real-Time Forecasting System (RTFS). The RTFS is an innovative forecasting tool which is designed to assist countries with pre-storm planning. This is the third year that this course has been offered and is conducted in collaboration with the Caribbean Institute for Meteorology and Hydrology (CIMH), Kinetic Analysis Corporation (KAC) and the Caribbean Disaster Emergency Management Agency (CDEMA). To date, over 130 persons have participated in the training course.

The RTFS is unique in that it provides information not available from other hurricane weather sources or forecasting systems. While all hurricane weather sites tell the user where the storm is heading and how strong it is likely to be, the RTFS tells the user what the storm is likely to do when it gets there - in terms of wind speed over land, storm surge and wave heights along the coast, total expected rainfall, number of people that may be affected by each wind speed category, expected general damage levels, and expected down-time for ports and airports.

By providing advance knowledge of a hurricane’s expected site-specific impacts, the RTFS can assist meteorological officers and disaster management coordinators to support effective preparedness and response, decision making about potential evacuations and shelter management, activation of mutual assistance arrangements and contingency planning to secure critical infrastructure and operations.

This tool is available to CCRIF member countries and it is used by meteorological officers and disaster managers as well as officials from ministries of planning, tourism, agriculture and finance and also by persons from international development agencies working in disaster management. Currently, over 300 persons have been provided with access to the RTFS.

Key Features of the CCRIF RTFS

For all active tropical storm systems, the RTFS computes the intensities of the storm hazards along the forecasted track and the potential impact of those hazards on affected territories. This information is updated with each storm advisory issued by the US National Hurricane Center (NHC). The storm modelling platform, which simulates the storm, uses as inputs the latest storm forecast information and other relevant weather data downloaded from the NOAAPORT satellite.

From the analysis described above, the following map and tabular information for use by CCRIF countries is provided:

- maximum expected hazard intensity for wind speed, wave and storm surge height and cumulative rainfall across the entire impact area of the storm
- estimates of the impact on the territory by varying hazard levels
- estimates of the operational impact of the storm on major ports and airports
- maximum expected hazard values from the current storm as forecast, for up to five user-selected locations – for the maximum wind speed values, the time at which the maximum will occur is also provided

CCRIF hazard and impact estimates are provided for areas between 55˚W-91˚W longitude and 8˚N-34˚N latitude.
The Livelihood Protection Policy (LPP) was launched in Saint Lucia on May 29, 2013, with representatives of CCRIF, the Munich Climate Insurance Initiative (MCII) and EC Global Insurance Co. Ltd. participating in the ceremony. This initiative is part of the Climate Risk Adaptation and Insurance in the Caribbean project. The project seeks to help vulnerable communities adapt to extreme weather events.

The LPP is targeted at individuals and is designed to help protect the livelihoods of vulnerable low-income individuals by providing swift cash payouts following extreme weather events (i.e. high winds and heavy rainfall), enabling policyholders to recover quickly following a natural disaster.

In his remarks at the launch, CCRIF’s CEO Mr. Isaac Anthony said “Had this mechanism been here after Hurricane Tomas those farmers who had policies would have potentially had a source of immediate funding to enable them to undertake activities such as replanting, draining fields and reconstructing irrigation systems – enabling them to get back on their feet and realising concrete earnings as soon as possible. This new and innovative insurance coverage is a clear example of proactive planning for disaster risk management at the individual level.”

The LPP is underwritten by EC Global Co. Ltd. in Saint Lucia and reinsured by Munich Re. It will be launched in Jamaica and Grenada in the next few months.
Climate Risk Adaptation and Insurance in the Caribbean programme seeks to help vulnerable communities adapt to extreme weather events.

CCRIF Announces the Recipients of its Extra-Regional Scholarships for 2013/14

Germaine Maxwell of Saint Lucia and Sean Hylton of Jamaica are the recipients of CCRIF’s 2013/14 extra-regional scholarships. Ms. Maxwell will pursue an MSc degree in Risk Management at the University of Southampton, UK, while Mr. Hylton will pursue an MSc degree in Sustainability - Environment and Development at the University of Leeds, UK. This year, nineteen applications were received. Each application was screened against a range of criteria. Six applicants were shortlisted and these applicants were interviewed by CCRIF’s CEO and members of the Facility’s Technical Assistance Committee.

In 2012/13 the scholarship recipients under this programme were Annlyn McPhie of Grenada and Mahendra Saywack of Guyana. Ms. McPhie completed a Master in Public Administration degree in Environmental Science and Policy at Columbia University, USA and Mr. Saywack pursued an MSc degree in Climate Change and Development at the University of Sussex, UK.

The CCRIF extra-regional scholarship programme, launched in February 2012, provides scholarships for citizens of CARICOM member countries and CCRIF member countries wishing to obtain a Masters degree in select areas related to disaster risk management at a university in the United Kingdom, United States or Canada. The areas eligible for the scholarships include:

- (Catastrophe) Risk Management
- Property/Casualty Insurance
- Meteorology
- Other hazard/disaster related disciplines

Eligible programmes also include an MBA with a major in Risk Management and/or Insurance or a related field.

Scholarships are valued up to a maximum of US$40,000 and are awarded to applicants who demonstrate academic excellence, are involved in or work in the field of risk/disaster management or sustainable development in the Caribbean and have a record of broader community involvement.

CCRIF Meets with TCI Officials

Hon. Dr. Rufus Washington Ewing, Premier and Minister of Tourism of The Turks & Caicos Islands and Hon. Charles Washington Misick, Minister of Finance met with the CEO and Board of CCRIF on June 19, 2013 in Providenciales where the Facility held its quarterly Board Meeting. CCRIF discussed how the Facility supports the countries in the region to enhance their disaster risk management programmes. As one of CCRIF’s 16 member countries, TCI received one of the first payouts from the Facility; in 2008, CCRIF made a payout of over US$6.3 million after the passage of Hurricane Ike.

From left to right are: Mrs. Faye Hardy, CCRIF board member; Mr. Ken Blakely, CCRIF board member; Hon. Misick, Minister of Finance, Mr. Milo Pearson, CCRIF Chairman, Hon. Dr. Ewing, Premier and Minister of Tourism; Mrs. Desirée Cherebin, CCRIF board member; and Mr. Isaac Anthony, CCRIF CEO.
CCRIF Expands its Scholarship Programme with UWI

For the 2013/2014 academic year, CCRIF has increased the number of scholarships that it will be providing to students at the undergraduate and postgraduate levels at the University of the West Indies (UWI). The scope of the programme also has expanded as the range of Faculties in which scholarships will be offered has increased as well. Scholarships will now be offered for study on all three UWI campuses. The CCRIF-UWI Scholarship Programme is part of the Facility’s Technical Assistance Programme. The scholarships are open to CARICOM nationals as well as nationals of the 16 member countries of CCRIF.

### CCRIF Undergraduate Scholarships 2013/14

Commencing academic year 2013/14, CCRIF will offer four scholarships per year to students entering their second of three years in any of the following seven undergraduate programmes of study:

1. Faculty of Humanities and Education at Mona for a major in Geography
2. Faculty of Science and Agriculture at St. Augustine for a major in Geography
3. Faculty of Science and Technology at Mona for a major in Geography or Geology
4. Faculty of Engineering at St. Augustine for a degree in Civil with Environmental Engineering
5. Faculty of Science and Technology at Cave Hill for a degree in Earth Sciences
6. Faculty of Science and Technology at Cave Hill for a degree in Meteorology
7. Faculty of Social Sciences at St. Augustine for a special management studies degree in Insurance and Risk Management

Each scholarship is valued at US$4,000 per student per year. CCRIF will provide scholarship coverage in the third year for the four students awarded scholarships in year 2, subject to satisfactory academic performance (the maintenance of a 3.5 GPA) in their second year.

### CCRIF Postgraduate Scholarship 2013/14

CCRIF will offer three scholarships per year to students entering any of the following four postgraduate programmes of study:

1. Faculty of Science and Technology at Mona for a Masters degree in Natural Resource Management (Option – Disaster Management)
2. Faculty of Science and Technology at Cave Hill for a Masters degree in Natural Resource and Environmental Management (Option – Climate Change)
3. Faculty of Engineering at St. Augustine for a Masters degree in Civil and Environmental Engineering
4. Faculty of Social Sciences at Cave Hill for a Masters degree in Building and Construction Management

Previously, CCRIF provided three scholarships for the one-year disaster management Masters degree at Mona and two 2-year scholarships for undergraduate students entering their second of three years in Geography/Geology (Mona) or Civil with Environmental Engineering (St. Augustine). Since 2010, CCRIF has provided a total of 15 scholarships to students at UWI, totalling US$162,500.
In April of this year, CCRIF and the Government of Jamaica signed a Memorandum of Understanding formalising a donation of US$100,000 (J$9.9 million) made by CCRIF to the Government to support Jamaica’s post-Sandy recovery and restoration initiatives. These funds were earmarked to support the rehabilitation of two residential childcare facilities – Muirton and Summerfield – which were damaged by the hurricane. Muirton and Summerfield Childcare Centres provide homes and opportunities to create successful, independent futures for 43 Jamaican boys between the ages of 7 and 18. The Child Development Agency is spearheading the initiative.

By the end of August, J$1,480,215 had been used towards the completion of the repairs at Muirton Boys Home which were started by the Agency and another donor. Work included installing windows, painting wall surfaces and doors, installing plumbing and electrical fixtures and making bathroom repairs. The remaining portion of the funds has been assigned to the building of a new kitchen at Muirton at an estimated cost of J$8.4 million. Work is expected to commence during the first week of October 2013 and to be completed by December.
“You’ve already created, Mr. President, an initiative and an innovative model for regional cooperation by pooling risks to respond to natural disasters. And therefore I think that the whole region is better equipped in the future to deal with these pending problems”.

- US Vice President Joe Biden

US Vice President Joe Biden’s visit to Trinidad & Tobago on May 27, 2013 where he met with President Anthony Carmona and Prime Minister Kamla Persad-Bissessar and participated in a meeting and working lunch with a number of Caribbean leaders.

We know from bitter experience that even the most carefully crafted fiscal adjustment programme can be quickly derailed by a major climate event. Buying adequate insurance cover offers an efficient way of transferring some of this risk. The Caribbean Catastrophe Risk Insurance Facility (CCRIF) is an excellent vehicle for this purpose. …

The CCRIF is ideally placed to provide two practical forms of such support to Caribbean countries pursuing broad-based reforms. Firstly, for the duration of the period of fiscal adjustment, say four years, Donor assistance could be provided to these countries to increase the level of their catastrophic insurance cover to a more acceptable level. Secondly, the recent request by the CCRIF for a new injection of Donor funds to enhance the affordability of its new flood insurance product would open up yet another window for transferring some of the risk associated with flooding, which is now an almost annual event in the Caribbean.

- Dr. Wm. Warren Smith, CDB President

Although disaster insurance is far from a panacea for managing the risks posed by climate change, it can provide a certain amount of resilience for vulnerable people in the short term. There have been some interesting examples of disaster risk insurance facilities that have come on stream since last year’s Cancun climate conference. … there is one that has been operating successfully for 6 years and which may offer a model for others to copy: The Caribbean Climate [sic] Risk Insurance Facility (CCRIF).

… The quick release of disaster relief funds, enabled early assistance for the most vulnerable people in the region.

Acclimatise Climate Change Adaptation Consultants, Acclimatise, March 2013
The Caribbean Catastrophe Risk Insurance Facility (CCRIF) is the first multi-country risk pool in the world, and is also the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. It is a regional catastrophe fund for Caribbean governments designed to limit the financial impact of hurricanes and earthquakes by quickly providing financial liquidity when a policy is triggered.

CCRIF helps to mitigate the short-term cash flow problems small developing economies suffer after major natural disasters. CCRIF's parametric insurance mechanism allows it to provide rapid payouts to help members finance their initial disaster response and maintain basic government functions after a catastrophic event.

Since the inception of CCRIF in 2007, the Facility has made eight payouts for hurricanes or earthquakes totalling over US$32 million to seven member governments. All payouts were transferred to the respective governments less than a month (and in some cases within a week) after each event.

In response to requests from Caribbean governments, CCRIF has developed an excess rainfall product to provide coverage to countries following a period of intense rainfall. This new product will complement the Facility's hurricane insurance which is based on wind and storm surge.

CCRIF was developed through funding from the Japanese Government, and was capitalised through contributions to a multi-donor Trust Fund by the Government of Canada, the European Union, the World Bank, the governments of the UK and France, the Caribbean Development Bank and the governments of Ireland and Bermuda, as well as through membership fees paid by participating governments.

The Facility is set up as a captive and is registered in the Cayman Islands. It operates as a virtual organisation, supported by an elaborate network of service providers covering the areas of risk management, risk modelling, captive management, reinsurance, reinsurance brokerage, asset management, corporate communications and information technology.

The CCRIF model has helped to add the element of pre-event disaster risk mitigation to the standard focus on post-event relief, rehabilitation and reconstruction, thus generating discussion on a new paradigm for disaster risk management and climate change adaptation.

Sixteen Governments are Currently Members of CCRIF:

Anguilla, Antigua & Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Haiti, Jamaica, St. Kitts & Nevis, Saint Lucia, St. Vincent & the Grenadines, Trinidad & Tobago and Turks & Caicos Islands

CCRIF, a not-for-profit company, is the first multi-country risk pool in the world

www.ccrif.org | pr@ccrif.org