



# Meeting Report



*Strategic Donor Meeting in Support of the  
Caribbean Catastrophe Risk Insurance Facility (CCRIF)*

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## Acronyms

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CaribRM	Caribbean Risk Managers Ltd
CCCCC	Caribbean Community Climate Change Centre
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster and Emergency Management Agency
CDM	Comprehensive Disaster Management
CEO	Chief Executive Officer
CIDA	Canadian International Development Agency
CIMH	Caribbean Institute for Meteorology and Hydrology
CRO	Country Risk Officer
DFID	UK Department for International Development
DRM	Disaster Risk Management
EU	European Union
IADB	Inter-American Development Bank
ICR	Implementation Completion Report
UK	United Kingdom
UNDP	United Nations Development Programme
UWI	University of the West Indies

# The Caribbean Catastrophe Risk Insurance Facility

**T**he 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

## Foreword – Chairman, CCRIF

### Milo Pearson

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I am pleased to present to you the report of the recently held Strategic Donor Meeting in Support of the Caribbean Catastrophe Risk Insurance Facility (CCRIF), hosted by the Caribbean Development Bank (CDB) in partnership with CCRIF and held in Barbados on March 6, 2013. This report provides a synopsis of the presentations delivered as well as issues raised and commitments made. We have uploaded these presentations along with photos and speeches to the CCRIF website, and these can be accessed at: <http://www.ccrif.org/content/strategicdonormeeeting>.

CCRIF was indeed pleased to partner with the CDB to host this meeting. I believe that we were able to accomplish the meeting objectives which were:

- To provide current and potential donors of CCRIF with an update on the Facility's activities over the period 2007 – present
- To present donors with CCRIF's strategic direction over the next 3 years
- To introduce donors to CCRIF's new excess rainfall product and to seek support for the new product via matching contributions to a capital pool
- To coordinate with donors' disaster risk management (DRM) initiatives and other technical assistance programmes
- To determine through dialogue the mechanisms to support better coordination of CCRIF activities with donor activities and country work programmes

The meeting generated a lot of rich discussion which certainly has provided CCRIF with much food for thought and the many issues raised will certainly be considered by the Board, CCRIF's Chief Executive Officer (CEO) and Team within the context of our strategic review to be held during the upcoming quarter.

I thank you all for attending the meeting and look forward to collaborating with you to achieve our mutual goals.

A handwritten signature in blue ink, appearing to read 'Milo Pearson'.

# Introduction

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The Caribbean Catastrophe Risk Insurance Facility (CCRIF) in collaboration with the Caribbean Development Bank (CDB) hosted a **Strategic Donor Meeting in Support of the CCRIF** at the offices of the CDB in Barbados on March 6, 2013.

The meeting brought together international development partners including the UK Department for International Development (DFID), United Nations Development Programme (UNDP), Canadian International Development Agency (CIDA), Inter-American Development Bank (IADB), and the European Union (EU) among others. Regional institutions represented included the Caribbean Institute for Meteorology and Hydrology (CIMH), Caribbean Disaster and Emergency Management Agency (CDEMA) and the Caribbean Community Climate Change Centre (CCCCC) as well as representatives from the Government of China and the Government of Brazil. The complete list of participants is provided in Appendix 1.

The genesis of this meeting was two-pronged:

- During one-on-one meetings with our international development partners last year, some donors recommended that CCRIF hold a meeting to bring together all donors to conduct a strategic discussion on areas of cooperation towards satisfying both the Facility's and the donors' mandates for disaster management in the region.
- A recommendation of the Implementation Completion Report (ICR) released by the World Bank last year was for a meeting to be convened of donors to discuss possible synergies between CCRIF and the international development partners working in the region as well as with our regional partners – with the goal of increasing the effectiveness and sustainability of our disaster risk management initiatives throughout the Caribbean.

## Objectives of the Meeting

- To provide current and potential donors of CCRIF with an update on the Facility's activities over the period 2007 – present
- To present donors with CCRIF's strategic direction over the next 3 years
- To introduce donors to CCRIF's new excess rainfall product and to seek support for the new product via matching contributions to a capital pool
- To coordinate with donors' disaster risk management initiatives and other technical assistance programmes
- To determine through dialogue the mechanisms to support better coordination of CCRIF's activities with donor activities and country work programmes

## About this Report

This report provides an overview of the various presentations made at the meeting and presents main issues raised at the end of each presentation. The final section of the report includes main commitments reached and decisions made.

Speeches, presentations and other information described in this report are linked to the actual item on the CCRIF website at <http://www.ccrif.org/content/conferences-and-meetings>.



**Dr Warren Smith, President of the Caribbean Development Bank (centre) welcomes Mr Mark Mostovac, Counsellor (Development) and Deputy Director (Operations) Caribbean Program, CIDA while Ms Faye Hardy (back to camera), CCRIF Board Member, looks on**



**Mr Yu Bu, Alternate Director for China to CDB and First Secretary of the People's Republic of China to Barbados in discussion with finance specialist Mrs Desirée Cherebin, Caribbean Development Bank-nominated board member of CCRIF at the CCRIF strategic donor meeting held March 6, 2013**

# **Agenda** for the Strategic Donor Meeting in Support of the CCRIF

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**Wednesday 6<sup>th</sup> March, 2013**

**8:30 am to 2:00 pm**

## **Registration**

**8:30 am – 9:00 am**

## **Chairperson**

**Mr Isaac Anthony, CEO, CCRIF**

- Welcome and Opening Remarks, Dr Warren Smith, President, CDB
- Greetings from CCRIF, Mr Milo Pearson, Executive Chairman, CCRIF
- Objectives and Purpose of the Meeting, Mr Isaac Anthony, CEO, CCRIF
- Update on CCRIF - Main Achievements and Lessons Learned, Mr Isaac Anthony
- Introducing CCRIF's Excess Rainfall Product, including discussion of possible donor support, Dr Simon Young, CEO, CaribRM, CCRIF's Facility Supervisor
- Q & A Session

## **Coffee Break**

**11:30 am – 11:45 am**

- Introducing the Concept of Country Risk Officers - Ms Ekhosuehi Iyahen, CaribRM, CCRIF's Facility Supervisor
- Aligning CCRIF's Strategic Plan with Donor Work Programmes, Mr Isaac Anthony
- Q & A Session
- Main Outcomes of Meeting and Next Steps, Mr Milo Pearson
- Closing Remarks, Dr Warren Smith

# Synopsis of Presentations

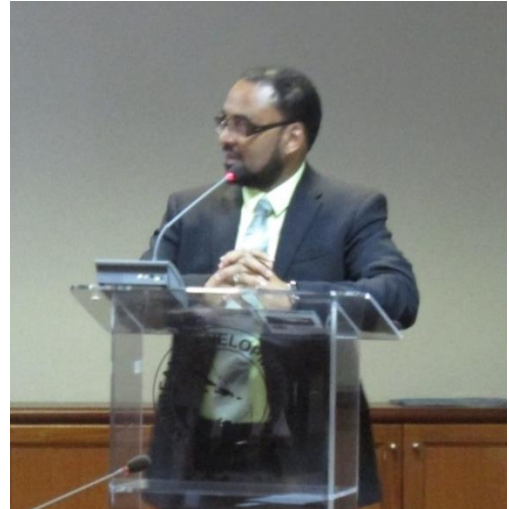
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## Presentation #1: Update on CCRIF - Main Achievements and Lessons Learned

**Presented by: Mr Isaac Anthony, CEO, CCRIF**

This presentation focused on providing stakeholders with an update of CCRIF, including:

- The main achievements of the Facility, the Facility's latest initiatives such as the introduction of the CCRIF/Swiss Re Excess Rainfall Product to the market
- Capacity building initiatives including the CCRIF Technical Assistance Programme which was launched in 2009
- New initiatives being implemented such as the Climate Risk Adaptation and Insurance in the Caribbean Project
- Some critical success factors and lessons learned



## **Main Comments and Issues Raised by Participants from Presentation 1:**

### **Understanding of CCRIF in the Region**

- CCRIF should further enhance understanding at the regional level of parametric insurance and what CCRIF is about, especially as it relates to payouts and more specifically why there may be no payout to a member after an event.
- CCRIF can use the launching of the new excess rainfall product as an opportunity to enhance understanding of CCRIF among members.

### **Success of CCRIF**

- CCRIF has played a fundamental role in helping to raise awareness of risk transfer as well as disaster risk management (DRM).
- CCRIF has been successful in raising the level of DRM in the region; however, the Facility has more work to do in signalling to countries that CCRIF is just one part of a country's overall DRM strategy for managing the losses associated with natural hazards and climate change.



## CCRIF Payouts

- CCRIF needs to create a framework for capturing information/data from countries that have received payouts (at least going forward) about how the payout improved the quality of their disaster response, their fiscal situation and what the payout was used for.
- One would anticipate that with the new excess rainfall product, payouts to countries might increase – because CCRIF would have increased countries' capacity to respond to excess rainfall.

## Role of CCRIF in Disaster Risk Management

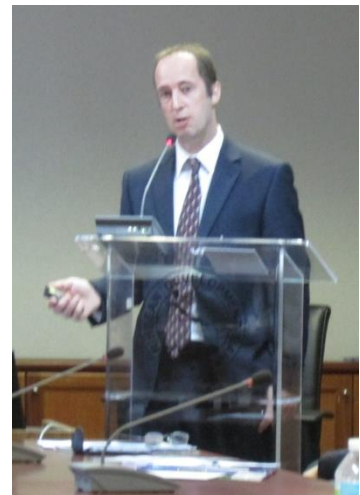
- CCRIF should play an increasing role in building regional capacity to better understand the costs of natural hazards and their impacts as well as the costs of lost opportunities due to these hazards, thereby enabling countries to understand how to better allocate their resources for DRM.
- Several governments are of the view that once they contribute to CCRIF they do not need to put additional resources into other DRM activities. Countries need to understand that while insurance is a risk transfer mechanism they need to look at losses of high frequency events that can be mitigated by other activities and initiatives.
- CCRIF needs to be seen as a complement to other donor programmes – it is a financial risk transfer instrument and it can complement efforts of other donors such as World Bank, European Union etc. in the development of broader risk management strategies.

## Presentation #2: Introducing CCRIF's Excess Rainfall Product

**Presented by: Dr Simon Young, CEO, CaribRM, CCRIF's Facility Supervisor**

The main areas covered in this presentation were:

- Rationale for excess rainfall coverage for the region
- The approach to developing an excess rainfall product for the region
- The CCRIF/Swiss Re excess rainfall programme and the benefits of the CCRIF/Swiss Re partnership
- Technical construct of the excess rainfall product
- Availability of the excess rainfall product to Caribbean countries
- Comparison of the excess rainfall product with other CCRIF products



- The need for donor support for the roll-out of the excess rainfall product and the estimated financial model

### **Main Comments and Issues Raised by Participants from Presentation 2:**

- Donors were supportive of the excess rainfall product. However, they were not able to immediately confirm commitment of funds to support the imminent the roll-out of the product in time for the 1 June renewal this year. This was largely due to a need to undertake the necessary due diligence before commitments can be made.
- Donors asked about the possibility of contributing to the roll-out of the excess rainfall product in tranches rather than individual lump sums.
- Donors inquired if the premium rebate to member countries would be discontinued with the roll-out of the excess rainfall product. Member countries benefitted from a discount on their 2012-2013 premium equal to 25% of the premium paid in the previous policy year (2011-2012) because there were no claims in 2011-2012.
- In the marketing for the roll-out of the product, CCRIF should take the opportunity not only to inform countries about this new product and but also to provide guidance on the various choices that countries can make with respect to their other coverage under their tropical cyclone and earthquake policies.
- There needs to be a coordinated approach across the countries of the region to better manage data on rainfall – for example, using one platform for the data – recognising that many of the meteorological services in the individual Caribbean countries do not manage all the rainfall data of their country.

### **Presentation #3: Introducing the Concept of Country Risk Officers**

**Presented by: Ms Ekhosuehi Iyehen, Vice President, CaribRM, CCRIF's Facility Supervisor**

This presentation introduced the CCRIF country risk officer concept to participants. Key areas of focus included:

- Understanding and characterising the risk landscape faced by countries
- Progress to date in addressing exposure to natural hazards
- Managing uncertainty and complexity
- Risk governance – concepts and tools
- Introduction of all-hazards policy frameworks
- Case study: Netherlands and Singapore
- The concept of country risk officers for the region: tailoring it to the needs of Caribbean countries



### **Main Comments and Issues Raised by Participants from Presentation 3:**

- Most of the donors supported the introduction of country risk officers (CROs), with particular support coming from the IADB and regional organisations such as CDEMA and CCCCC, who are promoting similar types of initiatives and interventions. The challenge expressed by participants is ensuring the sustainability of such a venture in countries in the region.
- The concept of the country risk officer should be conceptualised in a broader work programme beyond a single focus on disaster management.
- CCRIF should support a broad stakeholder discussion on CROs within the region and in alignment with activities of other partners – this could then result in sustainable strategies designed to assist the governments of the region.

### **Presentation #4: Aligning CCRIF's Strategic Plan with Donor Work Programmes**

**Presented by: Mr Isaac Anthony, CEO, CCRIF**

Mr Anthony provided participants with a synopsis of CCRIF's 2013 – 2015 Strategic Plan, outlining the vision, mission and strategic objectives of the Plan and illustrating the focus under each strategic objective.

The presentation was designed to provide an approach for aligning CCRIF's strategic framework with donor work programmes. To this end, participants were posed with the following questions:

- Do you see opportunities for aligning your strategic priorities with CCRIF's to advance DRM in the region?
- Which of CCRIF's strategic objectives is best related to your own strategic objectives?
- Are there specific areas that you would want to highlight now that you would want us to collaborate on in the near future?
- What is the preferred mechanism for us to move forward?

### **Main Comments and Issues Raised by Participants from Presentation 4:**

- Participants asked for more time to reflect on this presentation and indicated that they would be in contact with CCRIF in the future to discuss further.
- Participants also indicated that there were a number of areas that their own activities could be aligned to and there was therefore need to hold further discussions with CCRIF on possible collaborations.

# Main Commitments Reached and Decisions Made

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This section presents main commitments and decisions reached at the strategic donor meeting.

- **CCRIF will** take steps to enhance the Facility's monitoring and evaluation framework and as such will create a framework for capturing information/data from countries that have received payouts (at least going forward) about how the payout improved the quality of their disaster response, their fiscal situation and what the payout was used for.
- **CCRIF will** prepare within the next few weeks additional summary data and information for donors on the excess rainfall product as donors seek to undertake their due diligence and define their level of support for the roll-out of the excess rainfall product.
- **CCRIF will** initiate steps to organise a regional meeting of key stakeholders on the concept of the country risk officer, not only to enhance capacity on the concept but also towards developing a strategy that would enable this concept to move into implementation mode based on the needs of stakeholders. This will be undertaken with the involvement of all partners.
- **CCRIF will** seek to create new avenues to enhance collaboration and communication with key government stakeholders on CCRIF products and parametric insurance. The Facility will continue to meet with countries on a case-by-case basis to better help countries to determine the options for coverage they should select – and will also use these discussions to provide key information on the excess rainfall product and broader disaster risk management.
- CCRIF agrees that the hurricane and earthquake parametric policies offered by the Facility are not an all-encompassing solution for comprehensive disaster management and should not be seen as such. **CCRIF will** therefore continue to work with donors to assist with helping governments to better understand the role of parametric insurance in DRM and the importance of engaging in wider disaster risk reduction activities. To this end, **CCRIF will** work with IADB in the short term to develop a technical cooperation document (between both entities) to help fill the knowledge gap – especially to support countries' understanding of their country risk profiles in order to enable countries to make more informed decisions.

- **CCRIF will** take up an offer by the Caribbean Disaster and Emergency Management Agency (CDEMA) to make a presentation at its next board meeting. This is in order to facilitate better understanding of parametric insurance amongst key stakeholders in CDEMA member states (13<sup>1</sup> of which are members of CCRIF) and the linkages between risk transfer and CDM. CCRIF also accepts CDEMA's offer to attend its advisory meeting in Belize in April to present the excess rainfall product.
- **IADB will** consider support for capacity building initiatives in partnership with CCRIF (for example there is interest in the CCRIF-UWI Scholarship Programme) to better support knowledge in risk assessment and risk-based decision making.
- **IADB will** collaborate with CCRIF to host a policy dialogue on DRM and financial risk management for policy makers of the region – similar to ongoing policy dialogue forums hosted by the IADB in Latin America.

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<sup>1</sup> CCRIF is interested in strengthening relationships with the 3 CDEMA members which are not CCRIF members: Guyana, Montserrat and the British Virgin Islands

# Appendix 1 – List of Participants

Agency	Representative
CDB	Dr Warren Smith, President
CIDA	Mr Mark Mostovac, Counsellor (Development) and Deputy Director (Operations) Caribbean Program, Ms Guylaine Grenier, Second Secretary (Development) Barbados and the Eastern Caribbean
DFID	Ms. Nicky Jenns, Climate Change and Disaster Risk Reduction Team Leader
EU	Mr Jannik Vaa, Head, Infrastructure, Climate Change, Disaster Risk Reduction and Tourism Mr Anthony Robert, Project Officer – Engineering, Infrastructure, Climate Change, Disaster Risk Reduction and Tourism
IADB	Mr Joel Branski Representative IADB Barbados Dr Cassandra Rogers, Disaster Risk Management Lead Specialist
CDEMA	Dr Elvis Nurse, Director of Resource Management & Administration Division Ms Andria Grosvenor, Technical Manager Preparedness & Response
UNDP	Mr Ian King, Programme Manager, Disaster Risk Reduction
Embassy of Brazil	His Excellency Ambassador Appio Claudio Muniz Acquarone
People’s Republic of China	Mr Yu Bu, Alternate Director for China to CDB and First Secretary
CIMH	Mr Adrian Trotman , Agrometeorologist and Chief of Applied Meteorology and Climatology (Ag.) Mr Shawn Boyce, Chief Hydrologist (Ag.)
CCCCC	Dr Kenrick Leslie, Executive Director Dr Ulric Trotz, Deputy Director & Science Adviser
CCRIF	<b>Board Members:</b> Mr Milo Pearson Ms Desirée Cherebin Mr Ken Blakely Ms Faye Hardy  <b>Team:</b> Mr Isaac Anthony, Chief Executive Officer Dr Simon Young, CaribRM Mr Todd Crawford, Consultant, World Bank Ms Ekhosuehi Iyehen, CaribRM Ms Elizabeth Emanuel, Sustainability Managers



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