ANNUAL
REPORT | 2016-17

CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility
2007 - 2017
celebrating 10 years of innovation in catastrophe insurance...
in the Caribbean and Central America

CCRIF SPC

The Caribbean Catastrophe Risk Insurance Facility

Annual Report

2016-17

  

Published by:

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OUR VISION

A Caribbean region and beyond with optimized disaster risk management and climate change adaptation practices supporting long-term sustainable development.

OUR CORE VALUES

At CCRIF we are committed to:

- Filling a gap in available insurance offerings for natural catastrophes
- Ensuring speedy payouts when a member's policy is triggered
- Charging lowest possible premiums consistent with long-term sustainability
- Being transparent and accountable
- Being innovative and providing new products to meet the needs of our members
- Facilitating capacity building in disaster risk management and ex-ante financing

OUR MISSION & Strategic Objectives

Our mission is to assist member governments and their communities in understanding and reducing the socioeconomic and environmental impacts of natural catastrophes. We do this by being a global exemplar in providing immediate liquidity through a range of affordable insurance products, developing innovative and dynamic tools and services, engaging in effective partnerships and operating in a way that is financially sustainable and responsive to the needs of the members.

Our mission is underpinned by 6 strategic objectives:

1. To provide products, services and tools responsive to the needs of members
2. To enhance capacity for disaster risk management and climate change adaptation
3. To sustain corporate and financial integrity
4. To deepen understanding and knowledge of catastrophe risk and the solutions CCRIF provides
5. To expand membership
6. To deepen strategic partnerships

CCRIF SNAPSHOT

CCRIF SPC FORMED 2007

The world's first multi-country risk pool based on parametric insurance

MEMBERS

16 CARIBBEAN

1 CENTRAL AMERICA

36 PAYOUTS

TOTALLING OVER

US$ 130 MILLION

to 13 member governments

PRODUCTS

Parametric catastrophe insurance for:

Tropical Cyclones
Earthquakes
Excess Rainfall

PAYOUTS TO DATE

2007

DOMINICA
Earthquake
29 November
Policy: Earthquake
US$**528,021**

SAINT LUCIA
Earthquake
29 November
Policy: Earthquake
US$**418,976**

2008

TURKS & CAICOS ISLANDS
Tropical Cyclone Ike
Policy: Tropical Cyclone
US$**6,303,913**

2010

HAITI
Earthquake
12 January
Policy: Earthquake
US$**7,753,579**

SAINT LUCIA
Tropical Cyclone Toma
October
Policy: Tropical Cyclone
US$**3,241,613**

BARBADOS
Tropical Cyclone Tomas
October
Policy: Tropical Cyclone
US$**8,560,247**

ANGUILLA
Tropical Cyclone Earl
August
Policy: Tropical Cyclone
US$**4,282,733**

ST. VINCENT & THE GRENADINES
Tropical Cyclone Toma
October
Policy: Tropical Cyclone
US$**1,090,388**

2014

ANGUILLA
Trough System
7-8 November
Policy: Excess Rainfall
US$**559,249**

Tropical Cyclone Gonzalo
October
Policy: Excess Rainfall
US$**493,465**

BARBADOS
Trough System
21 November
Policy: Excess Rainfall
US$**1,284,882**

ST. KITTS & NEVIS
Trough System
7-8 November
Policy: Excess Rainfall
US$**1,055,408**

2015

DOMINICA
Tropical Storm Erika
August
Policy: Excess Rainfall
US$**2,402,153**

A TOTAL OF 36 PAYOUTS
Made to 13 Member Governments

TOTAL PAYOUTS US$130.5 MILLION
June 2007 – October 2017

All payments made within **14 DAYS**

2016

NICARAGUA
Earthquake
9 June
Policy: Earthquake
US$**500,000**

Tropical Cyclone Otto
November
Policy: Tropical Cyclone
US$**1,110,193**

BARBADOS
Tropical Cyclone Matthew
September/October
Policy: Tropical Cyclone
US$**975,000**

Policy: Excess Rainfall
US$**753,277**

ST. VINCENT & THE GRENADINES
Tropical Cyclone Matthew
September/October
Policy: Excess Rainfall
US$**285,349**

SAINT LUCIA
Tropical Cyclone Matthew
September/October
Policy: Excess Rainfall
US$**3,781,788**

BELIZE
Tropical Cyclone Earl
August
Policy: Excess Rainfall
US$**261,073**

HAITI
Tropical Cyclone Matthew
September/October
Policy: Tropical Cyclone
US$**20,388,067**

Policy: Excess Rainfall
US$**3,020,767**

2017

ST. KITTS & NEVIS
Tropical Cyclone Irma
September
Policy: Tropical Cyclone
US$**2,294,603**

ANGUILLA
Tropical Cyclone Irma
September
Policy: Tropical Cyclone
US$**6,529,100**

Policy: Excess Rainfall
US$**158,823**

TURKS & CAICOS ISLANDS
Tropical Cyclone Irma
September
Policy: Tropical Cyclone
US$**13,631,865**

Policy: Excess Rainfall
US$**1,232,769**

Tropical Cyclone Maria
September
Policy: Tropical Cyclone
US$**419,372**

DOMINICA
Tropical Cyclone Maria
September
Policy: Tropical Cyclone
US$**19,294,800**

Policy: Excess Rainfall
US$**1,054,022**

ANTIGUA & BARBUDA
Tropical Cyclone Irma
September
Policy: Tropical Cyclone
US$**6,794,875**

THE BAHAMAS
Tropical Cyclone Irma
September
Policy: Excess Rainfall
US$**163,598**

BARBADOS
Tropical Cyclone Maria
September
Policy: Excess Rainfall
US$**1,917,506**

SAINT LUCIA
Tropical Cyclone Maria
September
Policy: Excess Rainfall
US$**671,013**

ST. VINCENT & THE GRENADINES
Tropical Cyclone Maria
September
Policy: Excess Rainfall
US$**247,257**

TRINIDAD & TOBAGO
Rainfall Event
18-20 October
Policy: Excess Rainfall
US$**7,007,886**

TOTAL FOR THE PERIOD
June 2007 - October 2017
US$130,467,630

TOTAL FOR TROPICAL CYCLONE	US$94,916,769
TOTAL FOR EARTHQUAKE	US$9,200,576
TOTAL FOR EXCESS RAINFALL	US$26,350,285

TABLE OF CONTENTS


49


54


52

WHO WE ARE

CCRIF SPC, formerly the Caribbean Catastrophe Risk Insurance Facility, is a segregated portfolio company, owned, operated and registered in the Caribbean. It limits the financial impact of catastrophic hurricanes, earthquakes and excess rainfall events to Caribbean and – since 2015 – Central American governments by quickly providing short-term liquidity when a parametric insurance policy is triggered. It is the world's first regional fund utilizing parametric insurance, giving member governments the unique opportunity to purchase earthquake, hurricane and excess rainfall catastrophe coverage with lowest-possible pricing. CCRIF was developed under the technical leadership of the World Bank and with a grant from the Government of Japan. It was capitalized through contributions to a Multi-Donor Trust Fund (MDTF) by the Government of Canada, the European Union, the World Bank, the governments of the UK and France, the Caribbean Development Bank (CDB) and the governments of Ireland and Bermuda, as well as through membership fees paid by participating governments. In 2014, an MDTF was established by the World Bank to support the development of CCRIF SPC's new products for current and potential members, and facilitate the entry for Central American countries and additional Caribbean countries. The MDTF currently channels funds from various donors, including: Canada, through the Department of Foreign Affairs, Trade and Development; the United States, through the Department of the Treasury; the European Union, through the European Commission; and Germany, through the Federal Ministry for Economic Cooperation and Development.

2017 marks 10 years of operations of CCRIF – **10 years of innovation in catastrophe insurance... in the Caribbean and Central America.**

CHAIRMAN'S MESSAGE

"As we assess and report on our performance over the policy year 2016/17, on behalf of the Board of Directors, I wish to thank my management team and CCRIF's service providers for their dedication, innovative thinking, initiative, ardent support and their individual and collective contributions to advancing the mission of the facility, which have resulted in the performance recorded. Thank you!"

My lifelong philosophy has always been to make a positive and lasting contribution to humanity. I feel that the work that CCRIF does and the service that it has provided to the Caribbean since 2007 – and more recently since 2015 to Central America – aligns with this philosophy. CCRIF has been providing catastrophe risk insurance for hurricanes, earthquakes and excess rainfall as a means of facilitating immediate injections of liquidity to member countries in the aftermath of disasters, thus ensuring continuity of government operations and enabling critical infrastructure to be quickly restored and most importantly addressing humanitarian needs.

In this our 10th year of operation, I am pleased to say that we have stood true to our core values and principles. Notwithstanding, we have started, and through 2017 will continue, to reflect on our achievements and best practices, and also will focus on the lessons we have learned over the years in the parametric insurance business. This will be important for us in charting the way forward for the next 10-15 years. We will not undertake these reflections in insolation from our members, donors and key stakeholders as they have been very much a part of the successes that we have achieved over the years. We plan to engage them in a series of strategic planning sessions to work with us in mapping our future endeavours. In the years to come, it is our strong intention to be able to support other countries in the wider

Caribbean Region as well as other regions of the world in the provision of both direct and indirect insurance. This we anticipate will advance the G-7's goal of expanding climate risk insurance in developing countries, thereby increasing the number of people with access to climate risk insurance coverage by up to 400 million by 2020. We have already started this expansion to other countries and CCRIF is the first and only facility offering parametric insurance to the governments of Central America.

Let me now take a moment to reflect on the 2016/17 policy year. First and foremost are the payouts that the facility made in 2016. We made nine payouts totalling US$31 million to six countries for earthquakes, tropical cyclones and/or excess rainfall. These payouts brought the total payouts made by CCRIF since its inception to a little over US$69 million. There are two significant points related to payouts that I would like to highlight – firstly, the payout to Haiti of almost US$20.4 million on its tropical cyclone policy following Hurricane Matthew in October 2016 was the largest payout made by CCRIF; and secondly, our newest – and first Central American – member, Nicaragua received its first payouts this year – in June 2016, following a magnitude 6.1 earthquake and in November 2016 after Hurricane Otto. I would like to reiterate that CCRIF was not designed to cover all losses on the ground, but an invaluable benefit of CCRIF membership is the ability of governments to receive immediate access to liquidity after catastrophic events, which is critical for countries post disaster.

I was extremely pleased to have learned that 1.4 million persons in Haiti benefited from the payout following Hurricane Matthew and was also deeply heartened that some of those resources were able to be used to provide food and medication for children – generally considered to be a vulnerable group in our society but who are also our future leaders.

Almost immediately after an event, the facility is able to inform countries if policies were triggered and if so, the approximate payment amount. These infusions of cash within two weeks after an event are critical for immediate repair and recovery activities while countries await ex-post disaster relief from the international community, which could sometimes take months to mobilize.

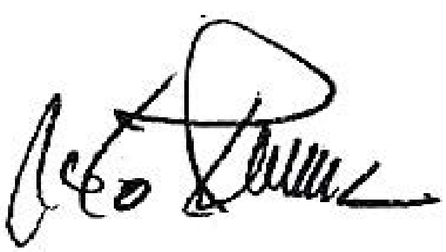
Tied to payouts is claims-paying capacity and I am pleased to report that the claims-paying capacity of CCRIF for the 2016/17 policy year remained within the facility's guidelines for financial security and we are comfortably able to pay losses for a 1-in-1,000-year series of catastrophe events.

In terms of coverage, CCRIF continues to encourage member governments to scale up their coverage. However, being cognizant of the economic and fiscal challenges faced by members, CCRIF has over the years provided discounts on premiums for all policies and for the first time this year introduced a sales discount for additional coverage purchased over the previous policy year, without compromising our financial sustainability. Our focus on assisting our members to increase their coverage takes on greater significance in the face of a changing climate, which is expected to lead to more intense storms and hurricanes.

I take the opportunity here to thank our donors for their continued support of CCRIF. During this year, we received additional financing from both the European Union through the European Commission and from the Government of Germany through the Federal Ministry for Economic Cooperation and Development. These funds will be used to expand the Central America segregated portfolio to provide geophysical and climate-related products for COSEFIN[1] Participating Countries. The funds also will provide additional climate-related products for Caribbean members. This support from donors and multilateral organizations such as the World Bank illustrates their confidence in the products and services provided by CCRIF, which are important tools in risk transfer and should be included in a country's disaster risk management strategy as well as other strategies for securing economic sustainability and growth prospects.

I continue to be proud of CCRIF and the work we do continues to be cited as an internationally recognized example of a risk transfer mechanism that should be seen as a key and indispensable component of countries' strategies for economic development, disaster risk management and climate resilience as they prepare to achieve higher levels of growth, reduce poverty and become internationally competitive.

As we look forward to the future, our goal is to strive to continue to meet and exceed the expectations of our members, donors and stakeholders. We also hope to advance some critical areas including the further capitalization of CCRIF to enable us to not only bring new products to the market but also to allow our members to scale up their coverage. We hope to continue to be able to share our experiences, best practices and lessons learned with other regions of the world whilst at the same time playing our part in advancing Agenda 2030 – Sustainable Development Goals focusing on the principle of "leaving no one behind" in development.



Milo Pearson
Chairman, CCRIF SPC

[1] Council of Ministers of Finance of Central America, Panama and Dominican Republic

CEO's REPORT

"Over this policy year, 2016/17, CCRIF achieved much. These accomplishments were made possible through the contributions of members, donors, stakeholders and my team of service providers and staff in addition to the support of my Board. I wish to take this opportunity to thank you all and look forward to working with you in the 2017/18 policy year – as we work towards advancing the sustainable prosperity of the Wider Caribbean Region."

My report will highlight the main areas of work undertaken by CCRIF over the 2016/17 financial year – our accomplishments as well as issues and challenges we faced. As is customary, CCRIF's annual report presents progress during the year towards the achievement of each of CCRIF's six strategic objectives and reflects our commitment to being a global exemplar in providing immediate liquidity following a natural hazard. This is achieved through the provision of a range of parametric insurance products, developing innovative and dynamic tools and services, engaging in effective partnerships and operating in a manner that is financially sustainable and responsive to the needs of our members.

I am very proud to lead this organization – an organization underpinned by innovation, continuous improvement and most importantly one that is advancing the development of small island and coastal states. The work that we are engaged in becomes even more critical as it is now globally recognized that insurance, reinsurance and insurance-linked securities can play a key role in the financial fight against the perils of climate change. The innovative risk transfer products provided by CCRIF can act as a vast security blanket for our members, which are vulnerable to the increasing severity and variability of climate- and weather-related perils.

In the 10th year of our operations we are happy to report that our members increasingly recognize the facility as a key partner in development and realize that gaining access to fast-disbursing liquidity for relief and recovery efforts in the aftermath of disasters when a policy is triggered results in enhanced fiscal resilience and helps reduce the long-term economic losses associated with these events.

CCRIF utilizes a results-based management framework to monitor and evaluate its performance. Forty-four indicators are measured against targets to assess progress which then allows for documenting best practices or taking corrective action. Over the policy year 2016/17, the facility met or exceeded 63 per cent of its targets with another 9 per cent of the targets exceeding the baseline target, signalling extensive work undertaken towards achieving the three-year target. The facility anticipates that it will meet the remaining targets within the one year left within its strategic planning cycle.

I will now highlight a few areas in which the facility met or exceeded targets. I am very pleased to report that much progress was made with respect to the development of two new products – one for drought and another for fisheries. The development of these new products is based on the demand of current members, the increase in drought conditions in the region and the need to bring to market in the near future a product for agriculture – another area in which members have expressed an interest. Additionally, as we stress the linkages among financial protection, disaster management and social protection, CCRIF worked closely with the Munich Climate Insurance Initiative (MCII) in shaping Phase II of the Climate Risk Adaptation and Insurance in the Caribbean Project. Like Phase I, this project will focus on the provision of microinsurance to vulnerable groups who may be impacted by natural hazards. The project, which will begin implementation in the 2017/18 policy year, is designed to increase uptake of microinsurance in five countries, two more than in Phase I.

The importance of risk transfer cannot be overstated. This policy year, our members purchased 39 policies at an aggregate value of US$29.2 million. To encourange our members to increase coverage levels for the 2017/18 policy year, the facility introduced a 35 per cent sales discount for increasing coverage above the levels of the previous policy year.

Over the policy year, six member countries received payouts under their policies. At three policy payout ceremonies, members of the CCRIF team were able to discuss the CCRIF mechanism, risk transfer in general and other key issues around financial protection strategies, social protection and disaster risk management. These ceremonies also provided us with an opportunity to discuss with government ministers and senior technocrats how the payouts had been used and their plans for the remaining unspent funds.

I am pleased to report that we also developed two new policy features for tropical cyclone and earthquake policies, which will be offered to members for the next policy year: the Reinstatement of Sum Insured Cover and the Aggregated Deductible Cover (ADC). The Reinstatement of Sum Insured Cover is designed as a simple addition to the policies and enables access to coverage even after the coverage limit of a policy is reached. The ADC was designed to provide a minimum payment for events that are not sufficient to trigger a CCRIF policy but where there are identified losses on the ground; in effect, the ADC was designed to reduce the basis risk inherent in parametric insurance in which some events are missed or not identified.

CCRIF continues to place much emphasis on our corporate governance, financial sustainability and risk management framework. This is reflected in our strong performance in this area, with the facility meeting all targets related to sustainable claims-paying capacity; these targets include the probability of default, minimum claims-paying capacity, rating of financial strength of reinsurers and bond holders and turnaround time for paying claims (14 days after the end of the event).

As it relates to the financial performance, two of CCRIF's segregated portfolios (SPs) registered losses, predicated primarily on the level of payouts in the policy year. The Caribbean EQ/TC SP registered losses of US$14.2 million and the Caribbean XSR SP recorded US$4.9 million in losses. The Core SP enjoyed a moderate profit of US$1.6 million whilst the Loan Portfolio Cover SP and Central America SP earned US$0.17 million and $0.66 million respectively. The net result of our operations this year is that CCRIF remains a strong financial institution and meets all solvency requirements to the satisfaction of its regulator, The Cayman Islands Monetary Authority (CIMA).

I am very proud of the development and implementation of the CCRIF Training Programme, "Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy". Early in the policy year, the CCRIF Team began to prepare this programme as a means of increasing understanding by member countries of the products that we provide and the underpinnings of country policies, including policy elements and country risk profiles. We fully acknowledge that parametric insurance and the concepts associated with ex-ante risk financing are new in the development sphere and we feel that it is important to build the knowledge base amongst our members. During the policy year we were able to deliver this programme to five member governments and the intent is to have all member countries benefit from the training.

In keeping with our strategic objective to increase membership, the team held extensive discussions with COSEFIN member countries towards enhancing their understanding of CCRIF, risk transfer, parametric insurance and ex-ante financing instruments in general. In May 2017, the MDTF created to support the Central America SP was expanded with additional financing of almost US$15 million from the European Union. These funds are dedicated to the provision of geophysical and climate-related products for COSEFIN Participating Countries. We believe that these additional resources and our continued interaction with decision makers will result in other Central American countries joining CCRIF.

Finally, the facility's thrust towards building regional capacity in disaster risk management continued through our Technical Assistance (TA) Programme. This year we provided scholarships to seven students to pursue degrees at the three campuses of the University of the West Indies and in the UK. Our scholarship recipients continue to conduct research of value to the Caribbean and return to assist their home countries with increased knowledge, technical capacity and skills. Our two new programmes which provide internships and small grants were even more successful in their second year. This year, 10 additional host organizations joined the internship programme and we were able to place 25 interns – five more than the previous year. Under the small grants programme, two of the first projects were completed and these organizations were awarded grants for follow-up projects, building on the successes of the original projects. We believe that these interventions – at a more personal level – effectively complement our sovereign products and national-level interaction with our member governments.

I look forward to the 2017/18 policy year as we work to strengthen our existing relationships with our current members and work towards enhancing engagement with other countries in the region that are not members, which would benefit from participating in CCRIF and enhancing their fiscal and disaster management frameworks.

I will now present the CCRIF Performance Report Card 2016-2017 which provides a synopsis of the projects, programmes and key activities undertaken over the policy year aligned to each of our six strategic objectives.

Isaac Anthony
CEO, CCRIF SPC

CCRIF PERFORMANCE REPORT CARD

SO1 Core Business

To provide products, services and tools responsive to the needs of members

- Issued 39 tropical cyclone (TC), earthquake (EQ), excess rainfall (XSR) policies to 15 Caribbean and Central American member countries
- Made 9 payouts totalling US$31 million to 6 member governments on TC, XSR and EQ policies
- Developed two new TC/EQ policy features: Reinstatement of Sum Insured Cover and Aggregated Deductible Cover to be offered in the 2017/18 policy year
- Made significant progress on the development of a new TC/EQ model to replace the current MPRES model
- Made significant progress on the development of new models to support drought/agriculture and fisheries parametric products
- Received regulatory approval for the creation of a segregated portfolio for the fisheries parametric product under the COAST initiative
- Continued to partner with MCII in offering the microinsurance product - the Livelihood Protection Policy; undertook preliminary work in collaboration with MCII with respect to starting Phase II of the project, which among other things, will focus on expanding access to coverage

SO2 Resilience

To enhance capacity for disaster risk management and climate change adaptation

- Launched CCRIF Training Programme, "Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy"; implemented in 5 member countries
- With CDB, launched the Integrated Sovereign Risk Management in the Caribbean Initiative
- Placed 25 interns in 16 regional and national organizations through CCRIF Regional Internship Programme
- Awarded 4 new grants under CCRIF Small Grants Programme; 2 previous projects were completed
- Awarded 1 postgraduate scholarship for study in the UK
- Awarded 6 postgraduate and undergraduate scholarships for study at UWI
- Provided a grant to the Government of Belize to purchase automated weather stations
- Provided a grant to the Trinidad and Tobago Meteorology Service to host the Fifth National Climate Outlook Forum

SO3 Corporate Governance

To sustain corporate and financial integrity

- Met sustainability guidelines of being able to survive a 1-in-1,000-year event
- Increased donor capitalization of CCRIF

SO4 Communications

To deepen understanding and knowledge of catastrophe risk and the solutions CCRIF provides

- Launched CCRIF's 10th anniversary celebrations
- Conducted policy renewals discussions with member governments
- Produced over 30 publications and briefings
- Participated in over 25 conferences and stakeholder meetings

SO5 Membership

To expand membership

- Engaged in policy discussions with Central American countries as well as prospective Caribbean members

SO6 Partenerships

To deepen strategic partnerships

- Signed a new MOU with CIMH and developed work plan to expand tools and professional capacity to analyze hydrometeorological events in the Caribbean
- With OECS, developed action plans to reduce vulnerability in three communities in St. Vincent and the Grenadines
- With UNECLAC, implemented activities to enhance capacity to undertake damage and loss assessments, particularly as it relates to the assessment of damage and loss to environmental resources and natural assets
- Provided a grant to CCCCC for the revision of the Regional Strategic Framework for Achieving Development Resilient to Climate Change

ORGANIZATIONAL OVERVIEW

BOARD OF DIRECTORS

Timothy Antoine
CARICOM-nominated board member, representing member countries

Timothy Antoine is the Governor of the Eastern Caribbean Central Bank. Previously, he was the Permanent Secretary in Grenada's Finance Ministry for 14 years. From 2005 to 2007, Mr. Antoine acted as an Advisor to the Executive Director for Canada, Ireland and the Caribbean at the World Bank, working on behalf of the Caribbean and played a significant role in the establishment of CCRIF in 2007.

Faye Hardy
CDB-nominated board member, representing donors

Faye Hardy has over 20 years of experience in the areas of finance and accounting, and currently serves in the position of Manager, Accounting at the Caribbean Development Bank (CDB). She is a certified investment professional with a Chartered Financial Analyst (CFA) designation, as well as a Fellow of the Association of Chartered Certified Accountants (FCCA). Mrs. Hardy has provided technical assistance and advice to other regional organizations, and regularly lends her expertise in a financial capacity to a variety of volunteer organizations.

Milo Pearson
Chairman

Milo Pearson has over 40 years of insurance experience and has created two landmark organizations that have had an important and lasting impact on the insurance industry in California: the California Earthquake Authority and the Rate Regulation Division of the California Department of Insurance. As a senior partner of Insurance Solutions Group, Mr. Pearson specializes in regulatory and catastrophe-related issues. He is also the Executive Director for the Pacific Association of Domestic Insurance Companies, an industry trade association.

Desirée Cherebin
CDB-nominated board member, finance specialist

Desirée Cherebin is a Banking Supervision and Financial Services Consultant working with regional and international agencies, including the Caribbean Regional Technical Assistance Centre and the International Monetary Fund to assist countries with strengthening the regulation and supervision of their financial sectors. She was Director of Bank Supervision at the Central Bank of Barbados prior to her retirement from that institution in 1997. She also worked as an Economist with the Ministry of Trade in Barbados and as an Advisor to the Governor of the Central Bank of Barbados.

Ken Blakeley
CARICOM-nominated board member, insurance specialist

A former President of both the Insurance Company of the West Indies (ICWI) and Eagle Star Insurance Company of Puerto Rico, Ken Blakeley has had a 40-year career in Caribbean insurance. Currently, he is a Technical Advisor and Director at Billy Craig Insurance Brokers in Jamaica. Mr. Blakeley has also served as the Deputy Chairman, Jamaica Association of General Insurance Companies, Chairman of the Board of Studies for the Insurance Institute of Jamaica and as Chairman of the Insurance Institute of Jamaica.

EXECUTIVE MANAGEMENT

Isaac Anthony
Chief Executive Officer

Isaac Anthony was appointed CCRIF Chief Executive Officer on 1 January 2013. Prior to this appointment, Mr. Anthony served as Permanent Secretary, Planning and National Development in the Government of Saint Lucia. He also has served his country in key positions such as Accountant General, Registrar of Insurance, Director of Finance and Permanent Secretary, Finance. He served as a CCRIF board member appointed by CARICOM from 2007 to 2012. Mr. Anthony brings many years' experience as a senior finance and planning official with the Government of Saint Lucia coupled with service on the boards of key regional financial institutions such as the Caribbean Development Bank and the Eastern Caribbean Central Bank. Mr. Anthony is a graduate of the University of the West Indies, with a Bachelor of Science degree in Economics and Accounting and an MBA from that institution.

Gillian Golah
Chief Operations Officer

Gillian Golah was appointed CCRIF Chief Operations Officer on 1 October 2015. Before she assumed this position, Ms. Golah was the Vice President of Business Development at the Trinidad & Tobago International Financial Centre, where she played a central role in the establishment of the financial services outsourcing industry in Trinidad & Tobago. Previously, she served as Chief Operations Officer of Development Finance Limited after gaining substantial experience in credit operations, private equity, grant management and microfinance at the executive and board levels. Ms. Golah received a Bachelor's degree from the University of the West Indies with First Class Honours and a Master's degree in Actuarial Sciences from Heriot-Watt University Edinburgh. She also holds a Financial Risk Manager (FRM) designation from the Global Association of Risk Professionals.

THE CCRIF TEAM

EVALUACÍON DE RIESGOS NATURALES (ERN) / RISK ENGINEERING AND DESIGN (RED), RISK MANAGEMENT SPECIALIST

The ERN/RED consortium team provides the services of risk management, financial planning, catastrophe modelling and coordination of reinsurance placement for CCRIF. RED, which began in 2008, has expertise in catastrophe risk modelling for earthquakes, tropical cyclones and floods. RED's projects deal with issuance of catastrophe bonds for sovereign countries and designing products for catastrophe risk management of insurance facilities. ERN was founded in 1996 and is the leading catastrophe risk modelling firm in Latin America. ERN has developed models for several perils, including earthquake, tropical cyclone and drought, and for many countries in the world. Paolo Bazzurro is the ERN/RED team leader for CCRIF.

KINETIC ANALYSIS CORPORATION, HAZARD AND RISK ASSESSMENT SPECIALIST

Kinetic Analysis Corporation (KAC) is a leader in multi-model risk assessment and impact forecasting for extreme weather, earthquakes and other catastrophe events. Kinetic Analysis produces accurate, site-specific assessments of the potential impact of natural hazards and resulting loss for events around the globe. Kinetic Analysis conducts hurricane and earthquake hazard and risk assessments and provides rainfall estimates that underlie the catastrophe insurance products offered by CCRIF. Jan Vermeiren and Steven Stichter are KAC's team leaders for CCRIF.

LONDON & CAPITAL LTD., ASSET MANAGER

London & Capital is a specialist asset management company head-quartered in London, UK. With more than 20 years' expertise and experience, the company focuses on capital preservation and wealth management. William Dalziel is London and Capital Limited's team leader for CCRIF.

BUTTERFIELD ASSET MANAGEMENT LTD., ASSET MANAGER

Butterfield Asset Management is a fully integrated group business, operating across 4 jurisdictions – Bermuda, The Cayman Islands, London and Guernsey – and has been an investment manager for primary insurance and captive insurance companies in Bermuda and the Cayman Islands for over 25 years. Butterfield Bank Cayman was incorporated in 1967 as a wholly-owned subsidiary and is regulated by the Cayman Islands Monetary Authority. Andrew Baron is Butterfield's team leader for CCRIF and is Head of Fixed Income for the Group.

WILLIS RE, REINSURANCE BROKER

Willis Re, part of Willis Towers Watson, is one of the world's leading reinsurance advisory and broking businesses, with roots dating to 1828. Through its global network, Willis Re delivers world-class reinsurance expertise and analytics capabilities to a diverse client base, serving the risk management and risk transfer needs of all the world's major re/insurance carriers and many national catastrophe schemes. With its global expertise, local understanding and on-the-ground presence, Willis Re helps clients make better reinsurance decisions and negotiate optimum terms to boost business performance. Willis Re also works in partnership with the Willis Research Network (WRN), the world's largest collaboration between academia and the finance and re/insurance industries. With over 50 world-leading institutions in the network, the WRN is unique to Willis. It provides an essential foundation for catastrophe model and vendor model analysis. Anthony Phillips, Cameron Roe and David Simmons are Willis Re's team leaders for CCRIF.

SAGICOR INSURANCE MANAGERS LTD., INSURANCE MANAGER

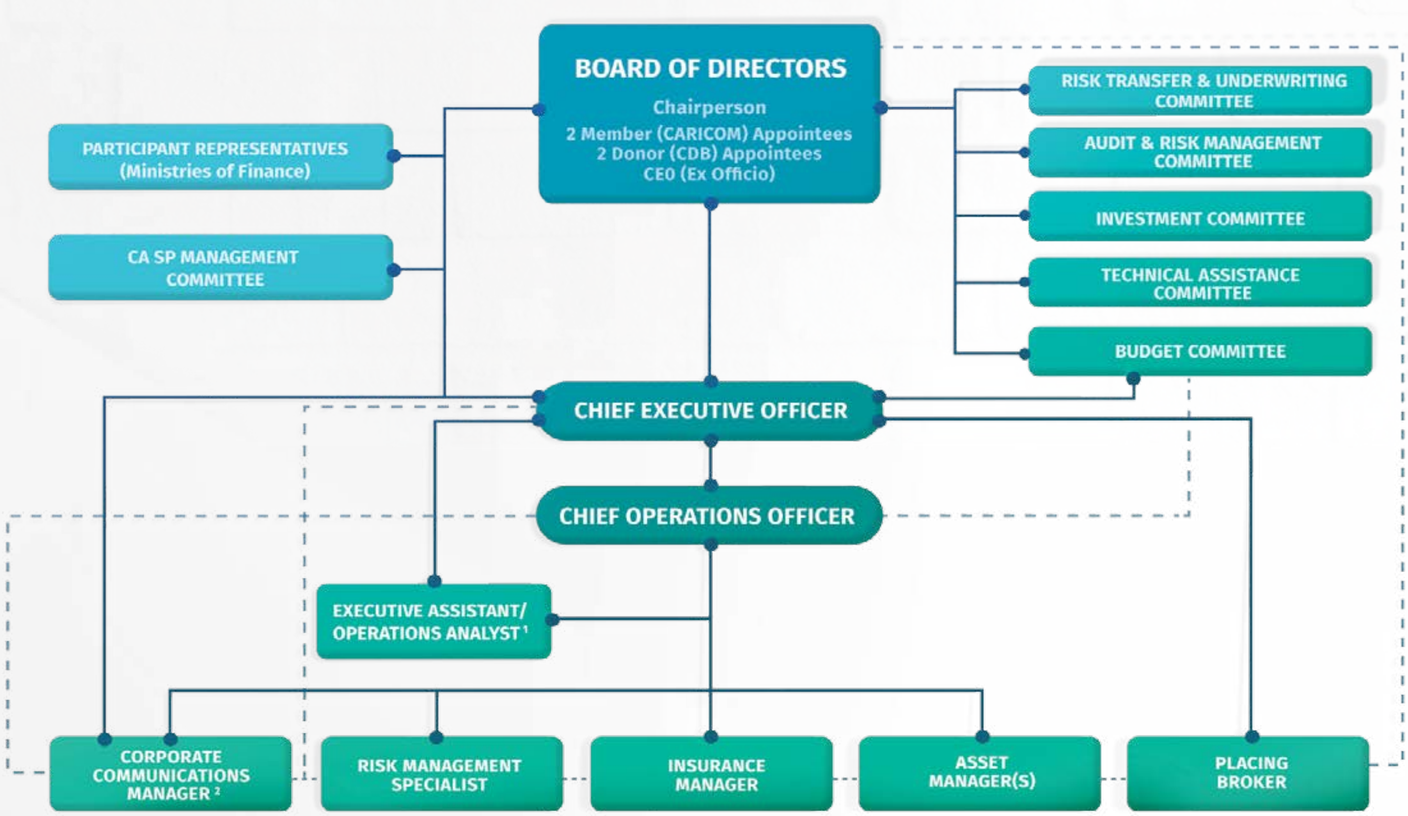
Sagicor Insurance Managers Ltd. (SIM) is a member of the Sagicor Financial Group, which is listed on the Barbados, Trinidad & Tobago and London Stock Exchanges. Formed originally as Barbados Mutual in 1840, Sagicor has become the leading indigenous financial services organization in the Caribbean, with a presence in 21 countries across the Caribbean, the United Kingdom, in 41 states of the United States and the District of Columbia. SIM provides insurance management services in the Cayman Islands, and provides regulatory, accounting and corporate secretarial support to CCRIF. Ivan Carter is Sagicor's team leader for CCRIF and is supported by Kimberlyn Battick as the Account Manager.

SUSTAINABILITY MANAGERS, CORPORATE COMMUNICATIONS MANAGER

Sustainability Managers (SM) is a consultancy company that offers a range of services to public and private sector entities as well as international and regional organizations in the areas of policy development and planning, environmental education, capacity building, environmental management and communications. As Corporate Communications Manager, Sustainability Managers provides CCRIF with the following services: publications development, events planning, public relations and media relations management, strategic planning, training and IT management. SM also manages the implementation of the CCRIF Technical Assistance Programme. Elizabeth Emanuel is Sustainability Managers' team leader for CCRIF and is supported by Gina Sanguinetti Phillips as the Programme Director.

ORGANIZATIONAL STRUCTURE

CCRIF's operations are laid out in the facility's Operations Manual and are executed by six service provider companies under the guidance of the Board of Directors, the Chief Executive Officer (CEO) and the Chief Operations Officer (COO).



[1] The Executive Assistant/Operations Analyst position is as follows: Executive Assistant reports to CEO; Operations Analyst reports to COO.

[2] The Corporate Communications Manager also manages the Technical Assistance Programme.

OUR CORE BUSINESS

OUR CORE BUSINESS

CCRIF's core business centres on making available to its members parametric insurance products for tropical cyclones, earthquakes and excess rainfall. As an organization focused on innovation and continuous improvement, the facility continues to develop new products for other hazards and/or sectors where feasible and where there is demand by member governments. In reporting on our core business for the 2016/17 policy year, the following areas will be addressed:

- **Policy renewals and enhancements**
- **Policy payouts in 2016/17**
- **Hazard event reporting**
- **Model development for new parametric products**
- **Microinsurance**
- **Expanding membership**
- **Improving understanding of the products that CCRIF provides**

POLICY RENEWALS AND ENHANCEMENTS

EARTHQUAKE POLICIES

TROPICAL CYCLONE POLICIES

EXCESS RAINFALL POLICIES

For the 2016/17 policy year, CCRIF members purchased a total of 39 policies: 15 tropical cyclone (TC) policies, 13 earthquake (EQ) policies and 11 excess rainfall (XSR) policies. Members benefitted from a discount of 25 per cent of the gross premium for TC and EQ policies and 15 per cent for XSR policies. Also, members benefitted from a further 35 per cent sales discount on any increased portion of coverage purchased for TC, EQ and/or XSR.

During the policy year, CCRIF worked on the development of two special features for tropical cyclone and earthquake policies, which will be introduced for the 2017/18 policy year. These two new features are:

- **Reinstatement of Sum Insured Cover**
- **Aggregated Deductible Cover**

Reinstatement of Sum Insured Cover

The Reinstatement of Sum Insured Cover is a simple addition to the original TC/EQ policy to establish a "reinstatement of cover provision" after the initial cover has been exhausted. The reinstatement cover therefore provides access to coverage even after the maximum coverage limit of a policy is reached. This prevents the situation of leaving a country exposed until the following policy year if their insurance cover is exhausted early in the current policy year.

Aggregated Deductible Cover

The Aggregated Deductible Cover (ADC) was designed to provide a minimum payment for events that are objectively not sufficient to trigger a CCRIF policy, because the modelled loss is below the attachment point. The ADC also was designed to reduce the basis risk inherent in parametric insurance in which some events are missed or not identified. The ADC therefore aims to reduce the probability of a missed payment when there are losses on the ground that should be covered by the policy, but which were not triggered by the model. The basis risk is greater for smaller modelled losses. The sum insured available to each country for the ADC is up to the annual net premium paid by member countries for their TC and EQ policies.

Both features will be made available at no cost to Caribbean members for the 2017/18 policy year as part of CCRIF's 10th anniversary celebrations.

POLICY PAYOUTS IN 2016/17

During the 2016/17 policy year, CCRIF made nine payouts totalling a little over US$31 million to six member governments on their tropical cyclone, earthquake and/or excess rainfall policies (see table on following page).


Impact of TC Matthew in Haiti

The major event during the year was Hurricane Matthew, which passed through the Caribbean during September and October 2016. The payout of almost US$20.4 million to Haiti on its TC policy was the largest payment made by CCRIF at that time. Haiti received a total of over US$23 million on its TC and XSR policies due to Matthew. On 7 November 2016, the CCRIF CEO met with Haiti's then Minister of Finance, Hon. Yves Bastien as well as representatives of the Caribbean Development Bank (CDB) and other officials from Haiti's Ministry of Finance and disaster management and environmental management agencies to discuss Haiti's CCRIF policies, CCRIF payouts to the country and use of the payouts after Matthew. The CDB has paid Haiti's CCRIF policy premiums for the past five years.

Event	Country	Policy	Payout (US$)
Earthquake, 9 June, 2016	Nicaragua	EQ	500,000
TC Earl, August 2016	Belize	XSR	261,073
TC Matthew September/October 2016	Barbados	TC	975,000
		XSR	753,277
	Saint Lucia	XSR	3,781,788
	St. Vincent and the Grenadines	XSR	285,349
	Haiti	TC	20,388,067
		XSR	3,020,767
TC Otto, November 2016	Nicaragua	TC	1,110,193
TOTAL PAYOUTS 2016/17			**US$31,075,514**

Impact of TC Otto in Nicaragua

Impact of TC Earl in Belize

HIGHLIGHTS OF CCRIF PAYOUT CEREMONIES

Across the Caribbean | 2016

L-R: Mr. Isaac Anthony - CCRIF CEO, Hon. Yves Bastien - Haiti's Minister of Finance, and Ms. Cheryl Dixon - Coordinator, Environmental Sustainability Unit at the CDB at the ceremony recognizing payment of US$23.4 million by CCRIF to the Government of Haiti

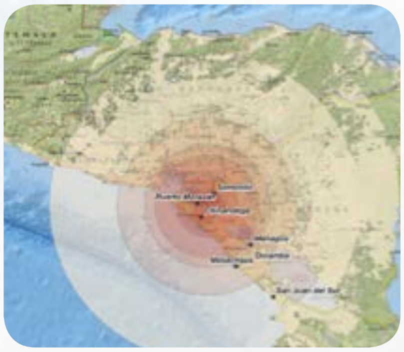
Haiti Received Payouts Totalling US$23 Million following Matthew

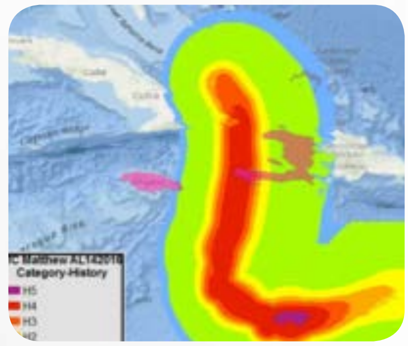
In November 2016, Minister Bastien indicated that only 50 per cent of the US$23 million payouts had been used. The funds were used for: provision of food and shelter for at least 1.4 million persons who were adversely affected and displaced by Matthew, the purchase of medication especially for children, unblocking of main roads, assistance to the agriculture sector, the purchase of tarpaulins for houses – some 18,000 houses in the south were without roofs, and the replacement of roofs for schools, churches and court houses.

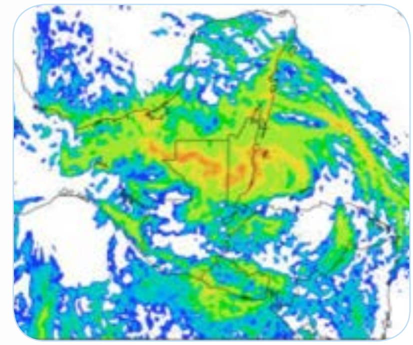
On 19 October 2016, CCRIF CEO Mr. Isaac Anthony officially presented a payout cheque for US$3,781,788 to Saint Lucia Prime Minister Honourable Allen Chastanet. This payout was due on Saint Lucia's Excess Rainfall Policy because of impacts from rains associated with Tropical Storm Matthew. Prime Minister Chastanet indicated that, "this cheque will be going directly to strengthening and rebuilding our agriculture sector and to paying for some of the costs that we have."

On 24 November 2016, CCRIF board members Mrs. Faye Hardy and Mrs. Desirée Cherebin presented Hon. Christopher Peter Sinckler, Barbados Minister of Finance and Economic Affairs, with a token symbolizing payment of US$1.7 million under the country's excess rainfall policy following the passage of Tropical Storm Mathew. Minister Sinckler indicated that the funds will be used to fix roads and do remedial work in low-lying areas where people had to be evacuated.

EVENT REPORTING







CCRIF monitors and reports on all tropical cyclone (TC) and earthquake (EQ) events in the Caribbean Basin that have the potential to affect one or more of its member countries as determined by CCRIF's Multi-Peril Risk Estimation System (MPRES) under the terms of CCRIF's tropical cyclone and earthquake policies. CCRIF also monitors and reports on rainfall events that have the potential to affect one or more of its member countries that have excess rainfall (XSR) policies.

In 2016/17, a total of 13 hazard events were reported. These events affected 13 of the 17 CCRIF member countries as shown in the table below. As noted above, there were four triggering events that resulted in payouts in six member countries:

- **Earthquake on June 9, 2016 – Nicaragua**
- **Tropical Cyclone Earl – Belize**
- **Tropical Cyclone Matthew – Barbados, Haiti, Saint Lucia and St. Vincent and the Grenadines**
- **Tropical Cyclone Otto – Nicaragua**

DATE	EVENT	CCRIF MEMBER COUNTRIES AFFECTED
9 June 2016	6.1 earthquake	Nicaragua
14 June 2016	5.0 earthquake	Nicaragua
3 July 2016	5.3 earthquake	Nicaragua
August 2016	Tropical Cyclone Earl	Belize
September/October 2016	Tropical Cyclone Matthew	Barbados, Dominica, Grenada, Haiti, Jamaica, Saint Lucia, St. Vincent and the Grenadines, The Bahamas, Turks and Caicos Islands[2]
15 September 2016	5.4 earthquake	Nicaragua

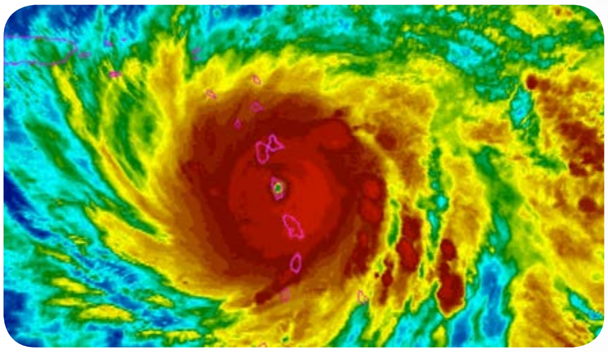
[2] TC Matthew was a reportable event for Dominica, Grenada, Jamaica, and the Turks and Caicos Islands but did not trigger payouts in these countries. The Bahamas was affected by Matthew, but did not have CCRIF policies for the 2016/17 year.

DATE	EVENT	CCRIF MEMBER COUNTRIES AFFECTED
28 September 2016	5.5 earthquake	Nicaragua
November 2016	Tropical Cyclone Otto	Nicaragua
24 November 2016	7.0 earthquake	Nicaragua
6 December 2016	5.9 earthquake	Trinidad and Tobago
3 January 2017	5.8 earthquake	Dominica
17 April 2017	5.6 earthquake	Antigua and Barbuda
16-18 May 2017	Rain event	Haiti
15-19 May 2017	Rain event	Jamaica

Detailed event briefings for each reportable event are available on the CCRIF website – www. ccrif.org.

NEW MODEL DEVELOPMENT

Model Development for Tropical Cyclone and Earthquake



During the 2016/17 policy year, CCRIF began the development of new tropical cyclone (TC) and earthquake (EQ) loss assessment models that are collectively called SPHERA (System for Probabilistic Hazard Evaluation and Risk Assessment). Starting in the 2018/19 policy year, SPHERA will replace the current model used by CCRIF – the Multi-hazard Parallel Risk Evaluation System (MPRES). MPRES currently underpins the TC and EQ insurance products purchased by Caribbean and Central American countries.

The new SPHERA loss assessment models are being designed to be able to:

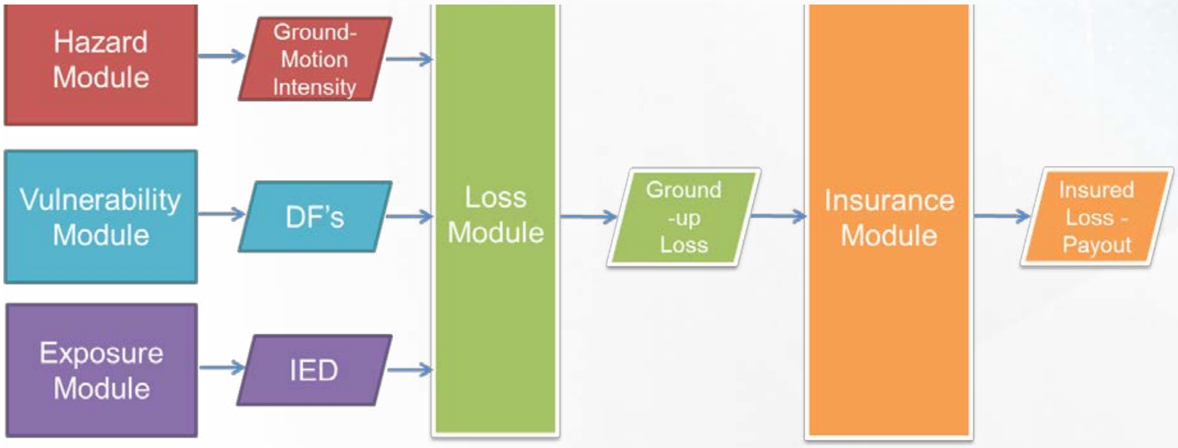
- **Produce ex-ante estimates of future EQ- and TC-induced losses in countries, to be used for parametric insurance policy pricing**
- **Estimate in near real time the modelled losses to buildings and infrastructure due to earthquake ground motion and to TC-induced wind and storm surge caused by events in the region**
- **Compute the payout to the insured countries due to the occurrence of an earthquake or a tropical cyclone according to the event parameters defined by the United States Geological Survey (USGS) and the United States National Oceanic and Atmospheric Administration (NOAA)**

The models are based on a geo-referenced database of buildings and infrastructure that includes building count, replacement cost and vulnerability classification of the different assets at a 1 km^2 granularity (100m^2 along the coastline). Unlike the MPRES model, the new exposure database will provide the economic value of the exposed assets disaggregated by sector (residential, commercial, industrial, hotels, education, healthcare, public, airports, ports, power facilities, road network etc.) and by building class (e.g., reinforced concrete, masonry, etc., of different age and height).

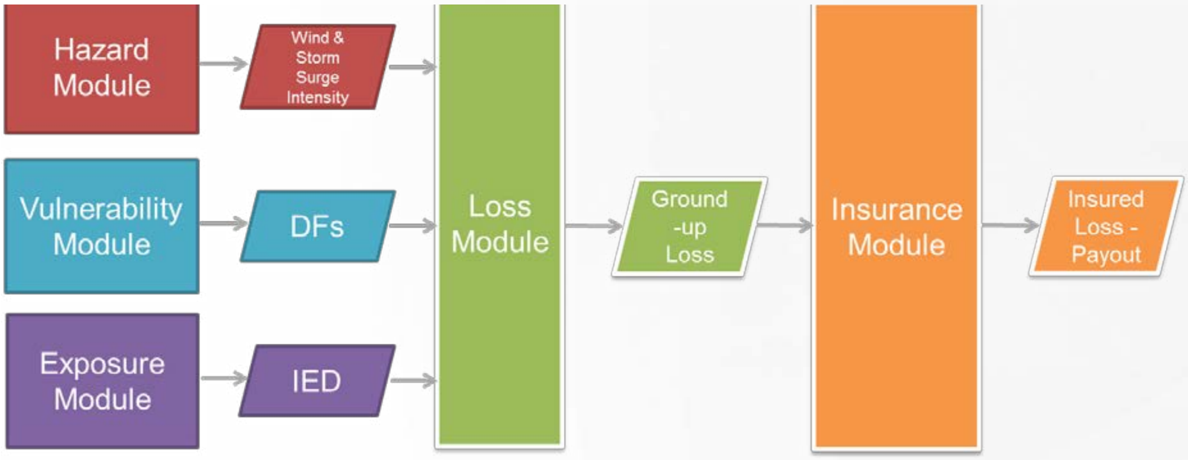
By leveraging several sources of information, two consequence databases were built, which include the related physical, human and economic losses caused by a collection of historical EQ and TC events that have occurred in the countries of interest. These databases will be used to validate and calibrate the two risk models.

The EQ hazard module is being designed to statistically estimate the impact caused by future earthquakes through a probabilistic seismic hazard assessment (PSHA) technique that combines the frequency of occurrence of future earthquakes in time and space and the evaluation of the ground motion random fields generated by each event. The TC hazard module is designed to statistically estimate the impact of future tropical cyclones, storms and depressions either by-passing or making landfall in any of the countries considered. A probabilistic procedure is adopted to simulate future storm tracks along with relevant storm parameters and for each simulated scenario to compute random fields of wind and storm surge intensities in the affected region. For both perils, the hazard module allows for computing of ground motion or wind and storm surge intensities induced by the occurrence of an earthquake or a tropical cyclone, respectively, according to the parameters provided by the USGS and NOAA.

General Framework of the Earthquake Model



General Framework of the Tropical Cyclone Model



DF = Damage Function
IED = Industry Exposure Database

Model Development for Drought

During the policy year, CCRIF began the development of a drought risk model for Caribbean and Central American countries. This model responds to the need for a swift financial response to the loss of crop yield caused by exceptionally dry years. Droughts are widely recognized as environmental and natural hazards. They are mostly related to the reduction in the amount of precipitation received over an extended period of time, such as a season or a year, enhanced by other factors like high temperatures, high wind and low humidity. Agricultural systems are particularly sensitive to droughts, since crop yield is closely related to precipitation and temperature.

The purpose of the model is to identify agricultural drought events (i.e., droughts affecting crop production) occurring in Caribbean and Central American countries, and assessing the resulting losses due to reduced yield.

This model is based on a structure of physically based triggers that account for precipitation and vegetation in order to ensure consistency with the physical phenomena that cause droughts. The models are calibrated against historical crop yield data provided by the United Nations Food and Agriculture Organization (FAO) and validated against historical reports of droughts. The model is designed to run on an annual basis, for all the countries of the domain of study and for six types of crops (banana, coffee, maize, rice, sugar cane and a generic category that is meant to be used for any other crop). The same risk model was also used to reconstruct the historical drought events that occurred in the past 32 years, and its results will be used to design a parametric insurance policy.

Two types of drought events are identified by the model: the dry spell event (i.e., a short but very intense drought which causes acute crop stress) and the yield reduction event (i.e., a longer but milder drought which causes a reduction of crop yield).

By May 2017, the model was operational and was used to estimate insurance policy parameters for each member country. The insurance product is being designed to trigger a payout at the end of a dry year to any insured country that has had a significant loss of crop yield.

General Framework of Drought Model

Model Development for Fisheries

CCRIF is engaged in an initiative of the United States Department of State, World Bank, Food and Agriculture Organization (FAO) and others to develop parametric insurance products to be marketed in the Caribbean to promote the resilience of the fisheries sector against increasing climate change-related disaster risks. In January 2015, the US State Department authorized the commitment of US$5 million to establish the Caribbean Oceans and Aquaculture Sustainability Facility (COAST).

The objective of COAST is to reduce the risk that climate change poses to food security and nutrition in the fisheries sector, and to mitigate climate change impacts on sustainable food production, where possible. A sub-objective of this initiative is to incentivize the uptake of climate-smart food security best practices within the fisheries sector in Caribbean nations to simultaneously improve food security as well as coastal resilience in the face of a changing climate.

The overall development objective of COAST is to foster country-led climate-smart food security and develop and implement disaster risk management plans. A parametric insurance product for the fisheries sector will be an essential tool to help address the impacts of natural hazards on food security and livelihoods of those working in the fisheries sector. The main outcomes of COAST include:

- **Increasing the insurance penetration and the number of fishers indirectly covered by climate-risk insurance**
- **Providing incentives for countries to implement the Caribbean Community Common Fisheries Policy (CCCFP) through country-led, climate-smart food security strategies and independent third party verification**

- **Encouraging countries to develop coordinated disaster management plans for the fisheries sector, inter alia marine capture fisheries, mari- and aquaculture, and bio-tourism and conservation to ensure that the benefits of parametric insurance coverage extend from the national level down to the level of small and medium enterprises, fisherfolk collectives, and individual fishers**
- **Crowding-in finance for development to improve coastal resilience and support good governance and conservation for fisheries**

Over the period 2016-2017, CCRIF prepared three feasibility studies as follows:

- **An analysis of the feasibility of introducing a parametric microinsurance product for the fisheries sector in two pilot countries – Jamaica and Saint Lucia**
- **An analysis of government and non-governmental organizations' need for insurance for the fisheries sector in two pilot countries: Jamaica and Saint Lucia (studies 2 and 3)**

These studies were designed to review options and indicate whether parametric insurance products – sovereign level products and microinsurance products – are feasible for the fisheries sector. The three studies showed that both types of products were feasible and would be effectively demanded by both governments and individuals.

In advancement of this initiative, CCRIF established a new segregated portfolio, the COAST SP. During the policy year, COAST SP did not write any policies but aims to do so during the policy year 2017/18.

MICROINSURANCE

Over the period 2010 - 2014, CCRIF was a key partner in the Climate Risk Adaptation and Insurance in the Caribbean project, which developed two innovative microinsurance products. The project was led by the Munich Climate Insurance Initiative (MCII) and implemented by CCRIF, MicroEnsure and Munich Re in partnership with MCII, with funding from the Government of Germany.

The project developed two products – the Livelihood Protection Policy (LPP) and the Loan Portfolio Cover (LPC). Targeted at individuals, the LPP helps protect the livelihoods of vulnerable low-income individuals such as small farmers and day labourers, by providing swift cash payouts following extreme weather events (high winds and heavy rainfall). It is provided through local insurance companies and financial institutions and is available in three countries – Saint Lucia, Jamaica and Grenada. The second product – the LPC – is targeted at financial institutions. It is a loan portfolio hedge for lending institutions with credit portfolios exposed to natural disaster risk. This effectively "insures" loan portfolios against climate risk so that investment can reach areas previously considered too risky for traditional lending. During the project, policyholders – mainly small farmers – in Saint Lucia received payouts after a trough in December 2013 and after Hurricane Matthew in 2016.

At the end of the project and based on the achievements, best practices and lessons learned from the project, discussions began on the design and implementation of a Phase II of the project. Work on Phase II began in 2015 with the overall development objective being the provision of innovative weather insurance and climate risk management in the Caribbean to enhance livelihood resilience in vulnerable communities. Two new countries – Trinidad and Tobago and Belize will participate in Phase II. During 2016, work plans for each of the participating implementing agencies were developed and activities around lessons learned and best practices were undertaken. Phase II of the project will be launched in November 2017.

INCREASING MEMBERSHIP

In April and May 2017, CCRIF engaged in discussions with Central American countries to discuss their potential membership in CCRIF. CCRIF met with the governments of Costa Rica, El Salvador, Honduras, Guatemala, Panama and the Dominican Republic, specifically officials from the ministries of finance. All of these countries expressed their interest in joining CCRIF.

The meetings were used as a vehicle to increase understanding of CCRIF's insurance policies and the role CCRIF can play in countries' disaster risk management and financial protection strategies. Discussions with each country also included a review of the country hazard risk profiles which describe the country's vulnerability to tropical cyclones and earthquakes as well as rainfall. These risk profiles, developed by CCRIF for current and potential member countries, are used as a basis for the pricing of policies.

IMPROVING UNDERSTANDING OF THE PRODUCTS THAT CCRIF PROVIDES

From April to May 2017, and prior to the new policy year 2017/18, a CCRIF team led by the CEO conducted in-country or teleconference meetings with representatives of ministries of finance and disaster management and meteorology agencies in Caribbean member countries. In March, a team comprising CCRIF and the World Bank had meetings regarding renewals with officials in Nicaragua which also included a training session that focused in depth on how CCRIF policies work (a part of CCRIF's Training Programme – see below).

The policy renewal meetings to facilitate countries' coverage for 2017/18 included an elucidation of CCRIF products and policy elements, introduction of the two new policy features (Reinstatement of Sum Insured Cover and Aggregated Deductible Cover - see section on New Features to TC/EQ policies) and new products being developed for drought, agriculture and fisheries. The meetings also included examination of details of coverage levels, different scenarios for policy options and discounts on offer for the new policy year 2017/18. Also, the meetings provided a forum to address any other issues raised by member countries. Country-specific briefing documents and presentations were produced for each meeting.

Additionally, during 2016, CCRIF developed a training programme titled "Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy". The main objective of the programme is to assist countries and specifically finance, disaster management, environmental management and meteorology officers and other key technocrats to better understand not only CCRIF policies and the country risk profiles that underpin these policies, but also the linkages between ex-ante and ex-post disaster financing and the interconnections with fiscal and economic policies and sustainable development generally.

The development of this training programme was in response to stakeholder assessments of CCRIF which showed that there is a need for training to better understand CCRIF policies, the nature of parametric insurance, financial protection strategies for disasters, the linkages between natural disasters and fiscal and debt sustainability and their own country risk profiles.

The training programme was launched in December 2016 in Saint Lucia and was delivered in five member countries in the 2016/17 policy year as follows:

- **Saint Lucia**
- **St. Vincent and the Grenadines**
- **Trinidad and Tobago**
- **Grenada**
- **Nicaragua**

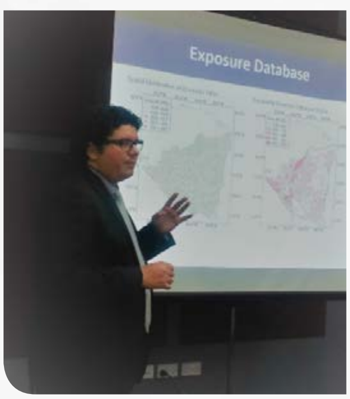
More than 100 persons participated in the training. Participating organizations included: ministries of finance (various departments), disaster management agencies, meteorology offices, customs offices, water resources agencies, ministries/agencies for infrastructure/public works, ministries of physical planning, climate change units, seismic institutes, and Accountant General offices.

All member countries are expected to benefit from the training programme.

HIGHLIGHTS OF CCRIF TRAINING PROGRAMME 16-17

Saint Lucia COHORT

DECEMBER 1-2, 2016



Grenada COHORT

MARCH 1-2, 2017

St. Vincent & the Grenadines

COHORT

MARCH 9-10, 2017

Trinidad & Tobago

COHORT

APRIL 11-12, 2017

THE CCRIF REAL-TIME FORECASTING SYSTEM

During the 2016 Atlantic Hurricane Season, CCRIF provided access to its Real-Time Forecasting System (RTFS) to 362 users, 40 more than the previous year. Most of these users are from member governments and work with the disaster management or meteorological offices. Regional organizations such as Caribbean Institute for Meteorology and Hydrology (CIMH) and the Caribbean Disaster and Emergency Management Agency (CDEMA) are also provided with access as well as some non-governmental organizations and civil society groups who work directly with communities in member countries.

The RTFS is a storm forecasting tool which provides users with real-time hurricane hazard and impact information based on forecasted tracks from the United States National Hurricane Center (NHC). The RTFS is an integrated, 3D high-resolution modelling platform which is able to produce detailed information on the expected hazard levels and their impacts from tropical cyclones for the entire Caribbean region. The RTFS therefore enables all active Caribbean members of CCRIF to access real-time estimates of the expected hazard levels and impacts on population and infrastructure for all tropical cyclones during the hurricane season. The RTFS hazard modules are identical to those used in CCRIF's MPRES loss modelling platform, so providing continuity between forecasted hazards and impacts (delivered via the RTFS) and final loss estimates derived in CCRIF's loss modelling platform.

The RTFS also provides additional information that supports the NHC forecasts. This includes wind, wave and storm surge footprints; impacts on airports, ports and buildings; and damage estimates.

GLOBAL RECOGNITION FOR THE WORK OF CCRIF

2017 Best Sustainable Insurance Leadership in Latin America and the Caribbean

In recognition of its work, CCRIF received the Capital Finance International (CFI) 2017 award for Best Sustainable Insurance Leadership in Latin America and the Caribbean. The award was based on "the supreme importance of pooled risk facilities and the cutting-edge work that CCRIF is undertaking in the Caribbean and Central America".

OUR CORPORATE GOVERNANCE

AND RISK MANAGEMENT FRAMEWORK

During 2016-2017, CCRIF continued to enhance its current management framework to facilitate sustained growth that addresses both decision making and governance with a focus on high quality internal controls towards enhancing efficiencies and reducing the risk of business interruption. CCRIF's corporate governance framework is designed to ensure that it is fully accountable to its members, stakeholders and supporting donors. The concepts of transparency and accountability for sustainable development are integrated at all levels of decision making and into business planning as well as management information and control systems.

Enhancing transparency and accountability is achieved through a range of complementary mechanisms such as working to maintain a strong capital base, continuously reviewing our investment policy to be able to be flexible in negotiating advantageous rates for members and for the facility to be able to maintain its claims-paying capacity. The Board also ensures that the CCRIF Team provides quarterly reports that measure performance against the organization's strategic objectives in a timely manner.

MONITORING AND EVALUATION OF PERFORMANCE

Each quarter, CCRIF measures the progress it is making towards achieving the targets that it sets at the beginning of the policy year. CCRIF uses 44 indicators or performance measures and sets corresponding targets for each to enable measurement of its progress as well as performance. The monitoring of progress is important to the facility, allowing the board and management where required to take corrective action along the way.

Progress under each strategic objective was compared to the targets set for 2016-2017 in the CCRIF Strategic Plan 2015-2018. The graph below presents the progress against targets made by CCRIF during the 2016/17 fiscal year.

Summary of Performance against Targets for FY 2016/17

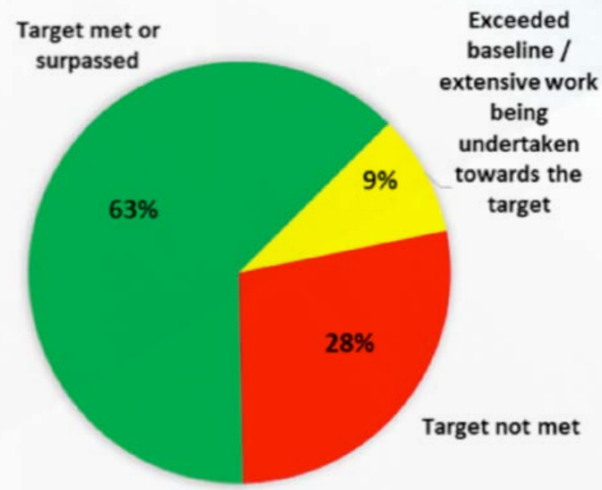
Total number of performance measures/indicators: 44
Number of indicators applicable to this period: 43

Performance during this period:

27/43 (63%)
Target met or surpassed

4/43 (9%)
Exceeded baseline / extensive work being undertaken towards meeting the target set

12/43 (28%)
Target not met



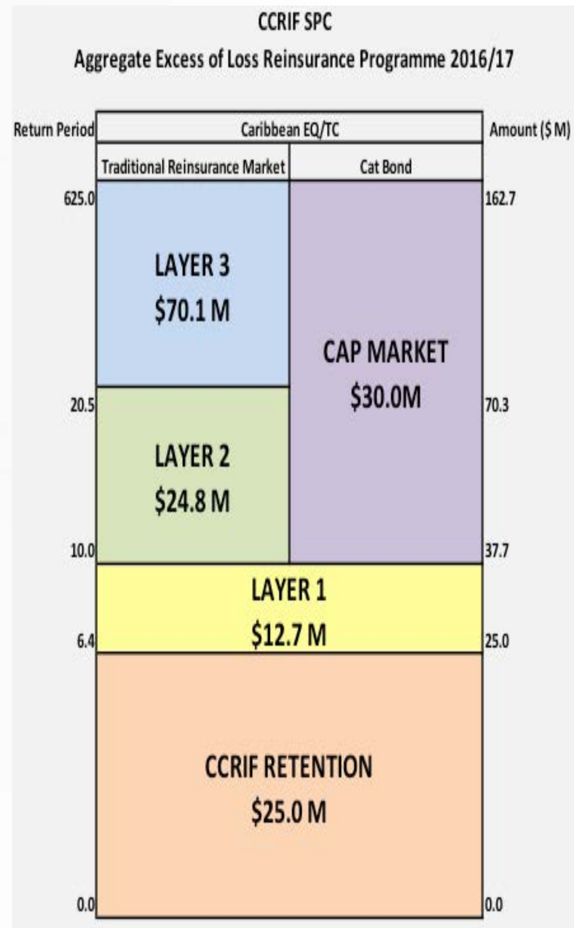
Some of the areas in which targets were met or surpassed are:

- **Progress made on development of new products (drought and fisheries)**
- **Developed 2 new TC/EQ policy features**
- **Enhanced regional capacity in disaster risk management – through provision of scholarships, internships and training**
- **Sustainable claims-paying capacity – the probability of default, minimum claims-paying capacity, rating of financial strength of reinsurers and bond holders and turnaround time for paying claims (14 days) all met the stated targets**
- **Strong governance framework – the Annual Report was prepared (in English and Spanish) and an internal audit conducted**
- **Information sharing – through publications, conferences/meetings and media coverage**
- **All current members retained**
- **Increase in donor capitalization**

CCRIF'S FINANCIAL STABILITY

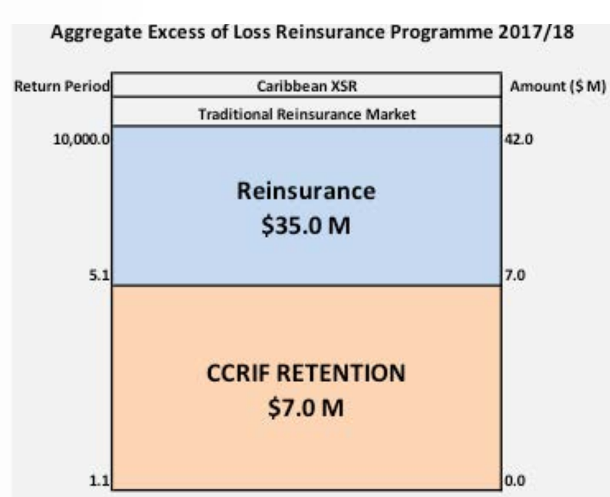
For the 2016/17 policy/financial year, CCRIF SPC issued 26 annual policies for the EQ/TC SP to 14 CARICOM countries, plus 11 policies for the XSR product, and EQ and TC policies for the sole Central American member.

The year's premium income totalled US$16.0 million for tropical cyclone and earthquake coverage in the Caribbean. CCRIF's aggregate exposure for policies written for the EQ/TC perils in the Caribbean was US$623.6 million, with the tropical cyclone to earthquake aggregate split being close to 55:45. Annual premium from the XSR policies totalled almost US$5.3 million, covering an aggregate exposure of more than US$73 million in member countries. For the Central American region, the premium income was US$1.5 million, with US$1.0 million for tropical cyclone coverage and US$0.5 million for earthquake. The coverage limit in the region was US$28.2 million, with the split between tropical cyclone and earthquake being 65:35.

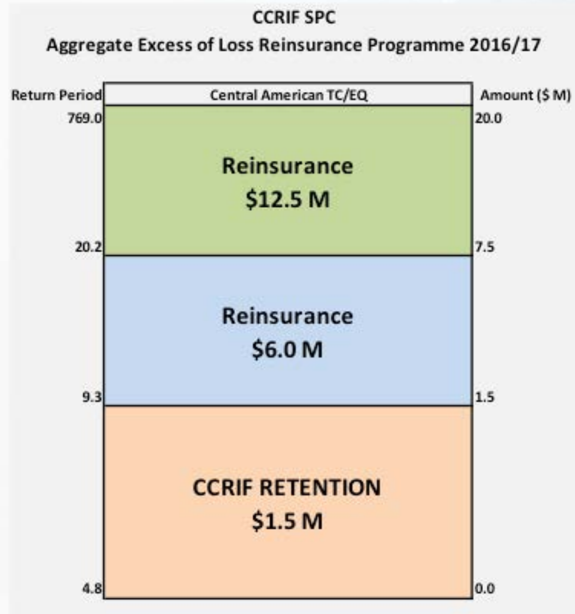


CCRIF SPC for Caribbean EQ/TC SP retained US$25.0 million and purchased an additional US$137.7 million of reinsurance capacity above layer 1 to support the claims-paying capacity of the facility (see figure at right). Reinsurance was purchased from the international reinsurance markets. A US$30.0 million capacity was provided by the World Bank's first ever Cat bond which was placed parallel to layers 2 and 3 of the traditional reinsurance programme. The top of the reinsurance structure, at US$162.7 million, provided claims-paying capacity for aggregate annual losses with an approximately 1-in-625 chance of occurring.

CCRIF SPC for Caribbean XSR SP retained US$7.0 million and purchased an additional US$35.0 million of reinsurance capacity to support the claims-paying capacity of the facility (see figure at right). Reinsurance was purchased from Swiss Re. The top of the reinsurance structure, at US$42.0 million, provided claims-paying capacity for aggregate annual losses with an approximately 1-in-10,000 chance of occurring.



CCRIF SPC for Central America SP retained US$1.5 million for TC/EQ. CCRIF SPC purchased US$18.5 million of reinsurance capacity to support the claims-paying capacity of the facility (see figure at right). Reinsurance was purchased from the international reinsurance markets. The top of the reinsurance structure, at US$20.0 million provided claims-paying capacity for aggregate annual losses with an approximately 1-in-769 chance of occurring.



CCRIF SPC's total capital at risk for 2016/17 comprised the retention of US$33.5 million (US$25.0 million for Caribbean TC/EQ, US$7.0 million for Caribbean XSR and US$1.5 million for Central America) within the risk transfer programme and a further ~US$15.9 million above the reinsurance programme up to the 1-in-1,000-year loss of ~US$178.6 million. The claims-paying capacity of CCRIF for the 2016/17 policy year was thus significantly greater than the modelled aggregate annual loss with a 1-in-1,000 chance of occurring, thus comfortably falling within CCRIF's guidelines for financial security and was substantially better than any of its peers in either the public or private sector.

DONOR SUPPORT AND CAPITALIZATION

Further to the initial capitalization of CCRIF in 2007 through a Multi-Donor Trust Fund (MDTF), the Central America Segregated Portfolio (CA SP) was established in 2015 with funding from a second MDTF supported by the Governments of the United States of America (US$10 million) and Canada (~US$14 million).

In May 2017, this MDTF was expanded with additional financing of ~US$14.8 million from the European Union (EU), through the European Commission and ~US$12.5 million from Germany through the Federal Ministry for Economic Cooperation and Development. The funds from the EU are dedicated to the expansion of the CA SP, for the provision of geophysical and climate-related products for COSEFIN Participating Countries. The contribution from Germany is dedicated to the Caribbean XSR SP to provide climate-related products to Caribbean members.

A portion of the second MDTF finances the implementation of technical assistance activities to strengthen countries' capacity to better respond to disasters and to promote the efficiency and transparency of post-disaster public spending.

INTERNAL GOVERNANCE

CCRIF retained KPMG as its Internal Auditor for the policy year 2016/17 to undertake reviews in keeping with the facility's Internal Audit Plan. The engagements focused on External Web Security, Underwriting, and Claims and Reserving. CCRIF is committed to best practices in providing assurance to management and the Audit and Risk Management Committee of the Board on the effectiveness of risk management, internal control and governance processes for the benefit of all stakeholders.

OUR CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK

CCRIF TECHNICAL ASSISTANCE PROGRAMME

CCRIF's Technical Assistance (TA) Programme is the primary vehicle the facility uses to provide support to enhance capacity for disaster risk management in the Caribbean. Launched in 2010, the TA Programme consists of three components and provides an ongoing mechanism for grant support within the Caribbean region for capacity building initiatives and the development and implementation of projects to improve the effectiveness of disaster risk management.

CCRIF makes available resources for the TA Programme from earned investment income as reported in the facility's audited financial statements of the previous policy year. The TA Programme enables CCRIF to achieve its mission of assisting member governments and their communities in understanding and reducing the socioeconomic and environmental impacts of natural catastrophes, whilst at the same time contributing to the long-term sustainability of the region.

COMPONENT 1: Scholarship/Professional Development Programme

Under the CCRIF-UWI Scholarship Programme, CCRIF awarded postgraduate or undergraduate scholarships to six students at the University of the West Indies for the 2016/17 academic year. Undergraduate scholarships are provided to students in their second year and will continue in their third year if they maintain the requisite standards.

The value of each postgraduate scholarship is US$11,000 and each undergraduate scholarship US$8,000.

In 2016, CCRIF awarded two scholarships for postgraduate students and four for undergraduate students under this programme. Since the inception of the programme in 2010, CCRIF has provided 36 scholarships totalling over US$330,000 to students at UWI from eight Caribbean countries.

Also during this year, CCRIF awarded one postgraduate scholarship valued at US$40,000 under the CCRIF Scholarship Programme to Ms. Danellia Aitcheson from Jamaica to pursue an M.Sc. in Sustainability (Remote Sensing and GIS) at the University of Southampton in the UK. Between 2010 and 2016, CCRIF has provided 10 scholarships totalling almost US$370,000 for students to study in the USA and UK.

During the 2016/17 policy year, two previous scholarship recipients completed their programme of study:

- **Shanea Young from Belize was awarded an M.Sc. in Applied Meteorology with Merit from the University of Reading. Her dissertation was entitled: "The effect of drought on the water balance and yield of the potato crop in Belize".**
- **Viola Jones Pascal from Jamaica/Dominica was awarded an M.Sc. in Risk, Crisis and Disaster Management at the University of Leicester with distinction. Her dissertation was entitled: "Flood Risk Perception, Risk Communication and Flood Management in the Commonwealth of Dominica: A Case Study of Coulibistrie".**

Dissertations and interesting research papers of CCRIF scholarship recipients are publicly available on the CCRIF website.

CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility

REGIONAL INTERNSHIP PROGRAMME

Launched in 2015

45 interns from 8 countries placed in 18 national and regional organizations in first 2 years

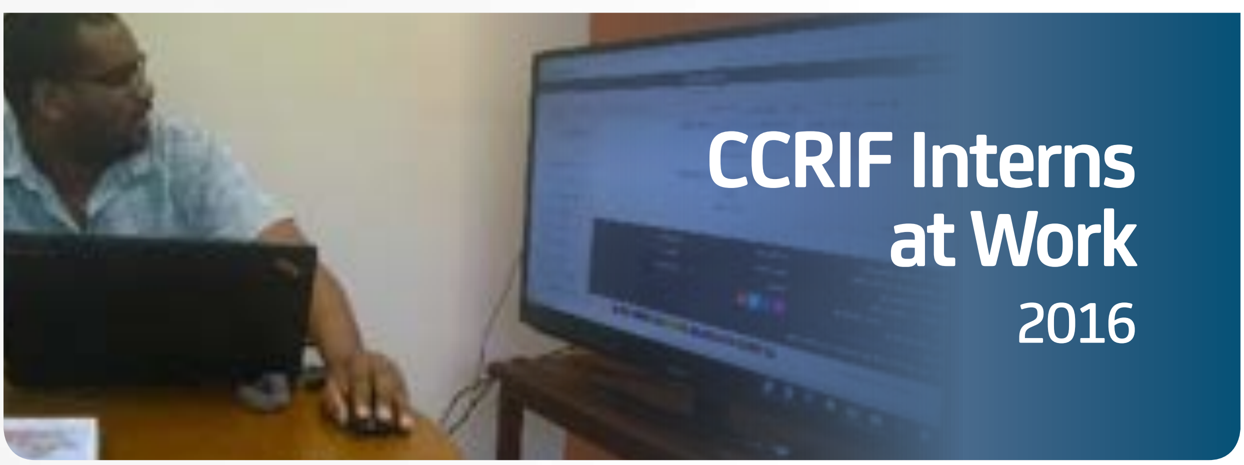
INTERN HOME COUNTRIES

Antigua & Barbuda, Barbados, Dominica, Grenada, Guyana, Jamaica, St. Kitts & Nevis, Trinidad & Tobago

TOTAL INVESTMENT OF **US$140,000** IN **2 YEARS**

CCRIF's flagship professional development programme is its Regional Internship Programme, which was launched in March 2015. It is designed to provide opportunities for students who have specialized in the areas of disaster risk management, environmental management, actuarial science, geography, climate studies and other related areas to be assigned to national and regional organizations where their educational experience can be enhanced through practical work assignments.

In 2016, CCRIF placed 25 interns at 16 national and regional organizations.



COMPONENT 2:
Regional Knowledge Building

CCRIF continues to develop and strengthen partnerships with key entities in the region through the development and implementation of Memoranda of Understanding (MOUs) and collaborative programmes to improve disaster risk management, increase climate resilience and reduce vulnerabilities in the Caribbean.

CCRIF has Agreements/MOUs with:	
Caribbean Community Climate Change Centre – CCCCC	Organisation of Eastern Caribbean States – OECS
Caribbean Disaster Emergency Management Agency – CDEMA	United Nations Economic Commission for Latin America and the Caribbean – UNECLAC
Caribbean Institute for Meteorology and Hydrology – CIMH	University of the West Indies – UWI

CARIBBEAN COMMUNITY CLIMATE CHANGE CENTRE (CCCCC)

CCCCC coordinates the Caribbean Community's (CARICOM's) response to climate change and is guided by the Regional Strategic Framework – Achieving Development Resilient to Climate Change (2009-2015), which was approved by the CARICOM Heads of Government in 2009.

In October 2016, CCRIF provided a grant of US$25,000 to CCCCC towards the revision of the Regional Strategic Framework to ensure that it remains relevant to the realities of the region and to respond appropriately to the Paris Agreement from COP 21, assisting countries to realize the Sustainable Development Goals (SDGs) and better prepare for varying climate regimes, given current climate change projects.

Main areas of collaboration

- Revision of the Regional Strategic Framework for climate resilient development
- Implementation of the ECA study in CCRIF member countries
- Collection and sharing of data to inform risk profiles
- Capacity building within Member States in the use of risk tools and early warning systems

During 2017, in-country stakeholder consultations were conducted in Jamaica, Antigua and Barbuda, Saint Lucia and Guyana and also with the Caribbean Regional Fisheries Mechanism, the Organisation of Eastern Caribbean States Commission and the University of the West Indies (Mona). Consultations with the remaining countries and organizations will take place in policy year 2017/18. The ultimate output is a revised Regional Strategic Framework for the CARICOM Region that covers the period 2016 - 2026 which can be presented to Heads of Government for their approval.

The existing MOU between CCRIF and CCCCC ended in May 2017 and a new agreement will be signed in the upcoming policy year. Areas of collaboration will include completion of the review of the Strategic Framework as well as collaboration in the next phases of the CCRIF/CCCCC/UNECLAC Economics of Climate Adaptation (ECA) initiative.

CARIBBEAN DISASTER EMERGENCY MANAGEMENT AGENCY (CDEMA)

CCRIF has supported the Caribbean Conference on Comprehensive Disaster Management (CDM), hosted by CDEMA and national disaster management agencies since 2009.

Within the CCRIF-CDEMA MOU work plan, CDEMA continued to administer the CDM Audit Tool to countries in the region. This tool assesses country preparedness for natural hazards and will be used in the development of CDEMA disaster readiness accreditation standards. Once these standards are developed, the feasibility of CCRIF premium discounts for CCRIF member countries with CDEMA-accredited disaster readiness will be explored.

Main areas of collaboration

- Assessment of country disaster readiness
- Development of country risk profiles for national development and planning
- Strengthening institutional relationships for CDM

CCRIF continued to support CDEMA's initiative to develop country risk profiles at scales appropriate for development planning purposes, which is being guided by a Regional Technical Working Group (RTWG). The RTWG initiated a desk review of best risk-informed planning practices by select countries (New Zealand, Chile and Martinique) and developed a framework for a benchmark instrument to identify current planning practices against a standard to ensure the integration of risk information. CDEMA is working with regional partner organizations to access funds for full implementation of this initiative.

CCRIF will be a sponsor for the 10th Caribbean Conference on CDM, to be hosted by CDEMA in collaboration with the Bahamas National Emergency Management Agency in December 2017. This will be an opportunity for CCRIF to celebrate its own 10th anniversary in conjunction with the 10th anniversary of the conference. In addition to sponsorship, CCRIF will conduct a professional development session for technical officers in the region.

CDEMA FINANCE AND ECONOMIC DEVELOPMENT SECTOR SUB-COMMITTEE

CCRIF is a member of the Finance and Economic Development Sector Sub-Committee (FEDSSC) of the CDM Coordination and Harmonization Council of CDEMA. Chaired by the Caribbean Development Bank, the other members of this sub-committee are: Caribbean Association of Banks, Insurance Association of the Caribbean, Eastern Caribbean Central Bank, Inter-American Development Bank, World Bank, Caribbean Microfinance Alliance, Caribbean Regional Technical Assistance Programme and CDEMA.

The overall function of the CDM FEDSSC is to provide technical assistance in mainstreaming CDM in financial and economic systems at the national and regional levels and to facilitate effective coordination and harmonization of CDM implementation within the national and regional financial and economic planning systems. CCRIF's participation promotes the examination of linkages among disaster risk management, risk transfer and fiscal policy.

At the most recent meeting held in August 2016, committee members discussed the Caribbean CDM Strategy and were introduced to the Global Arise initiative – a private sector initiative formed to create risk-resilient societies by energizing the private sector in collaboration with the public sector and other stakeholders to deliver on the targets of the Sendai Framework. Also, the members reviewed the Committee Terms of Reference and the Sub-Sector Action Plan.

CARIBBEAN INSTITUTE FOR METEOROLOGY AND HYDROLOGY (CIMH)

In September 2016, CCRIF and CIMH signed a new Memorandum of Understanding covering the period 2016-2022. A work plan for 2016/17-2017/18 was developed. Activities implemented during 2016-2017 are described below.

Each year, CIMH will conduct an in-depth analysis of two selected events from both a hydrometeorological and impact and damage perspective. For the first year, CCRIF and CIMH agreed that CIMH would analyze TC Earl that affected Belize in August 2016 and a rainfall event that affected St. Vincent and the Grenadines in November 2016. These analyses will provide on-the-ground data that can be used to inform the performance of the CCRIF models.

Main areas of collaboration

- Enhancement of measuring networks for extreme wind, rainfall, streamflow and drought events
- Collection of hydrometeorological data after major tropical cyclone or rainfall events within CARICOM countries and comprehensive documentation of such events
- Development and expansion of data, tools and products for real-time storm forecasting
- Development of a cadre of climate science professionals throughout the region

CIMH uses the Caribbean Dewetra platform to integrate data related to weather and climate from sources throughout the region (including data from CCRIF's Real-Time Forecasting System – RTFS). Work plan activities are geared towards the expansion of this platform. During this year, CIMH implemented procedures to consolidate station data which they collect through various mechanisms in order to efficiently generate the inventory and data availability. CIMH began the creation of an inventory of gauges/data collection points in the region, which will be used to determine where CIMH will install new stations.

To support capacity development within the CIMH, the organization's GIS Specialist attended a training seminar on methodologies and techniques for the processing and analysis of Synthetic Aperture Radar (SAR) satellite images in May 2017. As a result of this training event, the CIMH will now be in a stronger position to process complex SAR satellite images in support of several initiatives including but not limited to hydrological assessments and post-disaster event/impact analysis.

ORGANISATION OF EASTERN CARIBBEAN STATES (OECS)

During this year, under its MOU with CCRIF, the OECS Commission conducted vulnerability assessments in three communities in St. Vincent and the Grenadines: Sandy Bay and Langley Park on the mainland of St. Vincent and Paget Farm on the Grenadine island of Bequia. Two of the communities had been severely affected by the 2013 "Christmas Rainfall Event". A vulnerability assessment validation workshop was held in April 2017 to obtain feedback on the assessments and provide input into the draft DRR strategies and plans for the communities. The assessments included a range of recommendations and actions towards enhancing the resilience of the communities.

Main areas of collaboration

- Community vulnerability assessment
- Building capacity to implement community projects
- Development of early warning communication protocols

This sequence of activities repeats the process that was used in Saint Lucia in 2015-2016 when two communities were assessed in that country.

UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC)

Main area of collaboration

- Capacity development in the ECLAC Disaster Assessment Methodology – through development of materials and training

The CCRIF-ECLAC work programme for 2015-2017 was based on recommendations made and lessons learned from two studies previously conducted under this MOU: A Review of the Damage and Loss Assessment (DaLA) in the Caribbean and An Assessment of Strategies for Linking the DaLA Methodology to Post-Disaster Needs Assessment (PDNA) which CCRIF supported.

In December 2016, a workshop – A Disaster Assessment Methodology Training Course – was held and was designed for CDEMA personnel to strengthen their capacity in leading the various DALAs across the region after a disaster. A second workshop for regional Disaster Risk Management (DRM) organizations hosted by ECLAC, CDEMA and CCRIF was held on March 13-15, 2017 in Barbados. This workshop was titled "Disaster Risk Management and Resilience Building" and focused on enhancing capacity to undertake damage and loss assessments, particularly as it relates to the assessment of environmental resources and natural assets.

Additionally, as part of the CCRIF-ECLAC partnership, CCRIF was invited to deliver a presentation at a training course hosted by ECLAC and the Association of Caribbean States (ACS), titled "Planning for Disaster Risk Management and Disaster Assessment Methodology in the context of the 2030 Development Agenda and the attainment of the Sustainable Development Goals". The CCRIF COO delivered a lecture on "The role of risk transfer in enhancing fiscal sustainability in the Caribbean - the case of CCRIF SPC".

Introducing Sovereign Risk Management in the Small States of the Caribbean

In May 2017, the Caribbean Development Bank and CCRIF SPC launched the Integrated Sovereign Risk Management in the Caribbean project - the formal name given to the country risk management initiative that had been in development since 2016.

This project seeks to enable all Caribbean countries to take a more proactive approach towards country risk management, moving beyond planning for natural disaster risks such as climate change and events like hurricanes and earthquakes and recognizing the intrinsic linkages between disaster risk and other types such as economic, technological and financial risks and the impacts of these on socioeconomic development, especially.

At the launch of the CCRIF/CDB Sovereign Risk Management in the Caribbean Project (May 25, 2017, Turks and Caicos Islands)

L-R: Mr. Anthony Isaac, CEO, CCRIF SPC; Dr. William Warren Smith, President, CDB and Mr. Malcolm Buamah, Chief Risk Officer, CDB

At the ceremony, which was held on the margins of the 2017 CDB Board of Governors Meeting, CDB President Dr. William Warren Smith indicated that this project "will help Caribbean governments address their increased vulnerabilities caused by socioeconomic factors as well as the technological and economic interconnectedness of communities across regions and throughout the world".

The project is intended to enable the countries in the region to become more resilient, by enhancing the capacity of governments to take a portfolio view of risks and include all risk categories – technical, economic, natural and social risks – and their interdependence in a geographic context. A key part of this new integrated risk management framework will be to establish country risk officers or coordinators within countries – that is senior level positions that will be responsible for managing the overall risk landscape, taking a holistic approach to risks before events occur and ensuring that countries adopt a more proactive, precautionary approach to anticipating future challenges.

The work plan, to be implemented in the next fiscal year, includes the preparation of a situational and comparative analysis on country risk management in the Caribbean and a gap analysis to inform the development of terms of reference for country risk coordinators and an integrated risk management framework.

COMPONENT 3:
Support for Local Disaster Risk Reduction Initiatives

Launched in March 2015, the CCRIF Small Grants Programme provides financing for small disaster risk reduction projects in local communities by non-governmental organizations (NGOs), community-based organizations (CBOs), charity organizations and academic institutions across CCRIF's Caribbean member countries and/or CARICOM member countries. The programme provides funds of US$5,000-US$25,000 per project.

Eight projects have been approved since the inception of the programme of which two were completed during this policy year.

COMPLETED PROJECTS	
Organization, Country and Project	Activities Implemented
Fondation Amour de Dieu en Action (FADA), Haiti Agricultural Training Project – Phase I… to enhance capacity of farmers to address climate change in the northern department of Haiti - affected by the flooding of November 2014	• Disseminated public awareness materials about farming and climate change • Conducted training workshops in five communities – reaching approximately 360 persons • Held First Northern Haiti Conference on Climate Change in November 2016 – involving over 100 persons from 50 planting organizations plus local and international NGOs and government departments

COMPLETED PROJECTS

Organization, Country and Project	Activities Implemented
Groupe Encadré du Nord-Ouest (GAENO), Haiti Reforestation project around the Pond Fond Zombi to improve resilience to landslides and flooding	• Conducted training in organizational management to facilitate the creation of the Pond Management Association • Created the Pond Management Association • Raised awareness about climate change • Prepared training materials and conducted training on climate change for school children and fishermen

ONGOING PROJECTS

Organization, Country and Project	Activities Implemented by May 2017
Department of Food Production, University of the West Indies, St. Augustine, Trinidad and Tobago Conservation Agriculture for Climate Change Adaptation in the Caribbean project… to improve the resilience of crop production systems to excess and intense rainfall	• Held Conservation Agriculture for Climate Change Workshop in April 2017. The CCRIF COO delivered remarks on behalf of CCRIF at the Opening Ceremony • Started the greenhouse pot trial to test plant establishment for use of the jab planter • Allocated sites for corn rotation trials

ONGOING PROJECTS

Organization, Country and Project	Activities Implemented by May 2017
Douglas Castle Production and Market Organization, Jamaica Project to develop a Community Disaster Risk Management Plan for Douglas Castle 	• Held project launch and community sensitization in January 2017 • Conducted Community Vulnerability Assessment

PROJECTS JUST COMMENCING

Organization, Country and Project	Description of Project
Fondation Amour de Dieu en Action (FADA), Haiti Agricultural training project – Phase II	This project will build upon the activities of Phase I that focused on conducting training on climate change for farmers in six other communities. The training materials used in Phase I will be used in Phase II.
Groupe Encadré du Nord-Ouest (GAENO), Haiti Reforestation project within four watersheds in the lower North West Department	This project will be implemented in the watersheds of 4 municipalities: Baie-de-henne, Jean-Rabel, Mole Saint Nicolas and Bombardopolis. It will use the public awareness and training materials used in the previous reforestation project around Fond Zombi.
Fondation Amour de Dieu en Action (FADA), Haiti Dam construction project	This project will utilize used tyres to construct a dam in the first communal section of the municipality of Torbeck threatened by sea level rise.
Anse-La-Raye Disaster Committee, Saint Lucia Flood Mitigation Project	In this project, the community members will prune a mangrove that encroaches on a waterway to allow the free flow of water thereby reducing the potential for flooding.

Special Assistance for Post-Event Recovery and Rehabilitation Efforts

The CCRIF Board often provides targeted technical assistance and support to member governments, following the occurrence of natural hazard events that affected those countries. Previous examples of this assistance are initiatives in Haiti following the occurrence of the 2010 earthquake, in Belize after Hurricane Richard (2010) and in Haiti, Jamaica and The Bahamas after Hurricane Sandy (2012).

In 2016, CCRIF provided a grant of US$100,000 to the Government of Dominica towards recovery efforts after Tropical Storm Erika that caused great damage to the country in August 2015. This was in addition to the payout of US$2.4 million under that country's excess rainfall policy which was triggered. The CCRIF funds were used for construction of new fencing at the Douglas-Charles Airport which was damaged by the storm. This fencing is a critical component for maintaining the certification of the airport by the regulatory agency.

The new fencing at Douglas-Charles Airport in Dominica

Following Hurricane Earl, which affected Belize in August 2016, CCRIF and Government of Belize officials discussed ways to increase the country's resilience to storms and hurricanes and the CCRIF Board agreed to provide support to the Meteorological Service of Belize. In January 2017, CCRIF provided a US$100,000 grant to the Government to purchase 40-50 automatic weather stations that would provide the Meteorological Service with access to real-time rainfall data. These automatic weather stations are expected to improve the Government's ability to monitor, record and forecast rainfall within Belize and better prepare the country for hydrometeorological events. On March 21, 2017 a ceremony took place in Belize to mark the signing of this agreement between CCRIF and the Government of Belize.

L-R: Mrs. Desirée Cherebin, CCRIF Board Member; Mr. Milo Pearson, CCRIF Chairman; Mr. Isaac Anthony, CCRIF CEO; Ms. Yvette Alvarez, Senior Advisor to the Ministry of Finance; and Ms. Alma Gomez, Supervisor of Insurance, Ministry of Finance – at the ceremony to mark the signing of the agreement

Support for Regional Conferences and Workshops

In response to a request from the Trinidad and Tobago Meteorological Service (TTMS), CCRIF provided a grant of US$3,750 towards the 5th National Climate Outlook Forum, held in May 2017. This annual forum is a stakeholder meeting which links climate information generated by the TTMS with stakeholders' needs to improve application of climate information in risk management and other decision-making processes. The forum provides a platform for increasing dialogue between the national meteorological service and those sectors that rely on climate information.

Ms. Stacia Yearwood (left) from the CCRIF RMS Team presented remarks on behalf of CCRIF at the Opening Ceremony and also delivered a presentation, titled "Climate Information in Support of Disaster Risk Management, the CCRIF SPC lesson" in the session on Climate Information and Services for Disaster Risk Reduction

The forum's goal is to facilitate improved decision making for climate risk management and adaptation. The theme of this year's forum was "Engaging Communities and Disaster Managers for Disaster Risk Reduction". The meeting brought together over 90 stakeholders from priority climate-sensitive sectors including disaster risk reduction, health, agriculture and food security, water resource management and energy.

CCRIF also provided sponsorship worth US$3,100 to the Institution of Structural Engineers Caribbean Regional Group (IStructE CRG) to host a technical seminar on "Engineering for Seismic Excellence", which was conducted during the Jamaica Institute of Engineers conference held September 19-21, 2016. CCRIF has in the past sponsored four annual conferences hosted by IStructE CRG.

Sponsored by CCRIF, Dr. Luigi Di Sarno from the University of Sannio and Naples delivered a presentation titled "Designing for Resilience" at the IStructE CRG Technical Seminar

COMMUNICATIONS AND PUBLIC RELATIONS

CCRIF develops and delivers communication and messaging programmes as a means of strengthening the facility's reputation and to support better understanding of its products and services and its relationship with comprehensive disaster management and fiscal sustainability. Members of the facility interact with member governments and other stakeholders through face-to-face and teleconference meetings, workshops, participation in regional and international conferences and email communication. In keeping with modern communication practices, CCRIF utilizes social media channels (Twitter, Facebook and YouTube) as well as its website as key tools for information sharing. The facility also provides a range of publications to support stakeholder engagement.

In support of our current and potential members from Central America, CCRIF now includes communication in Spanish, for example through Spanish versions of all publications and press releases and facilitating multi-language support on the CCRIF website.

Our flagship event for 2016/17 was the launch of the CCRIF 10th anniversary celebrations held in February 2017.

Some of the proposed initiatives to celebrate the 10th anniversary include:

- **Launch and implementation of the CCRIF Training Programme, Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy**
- **Engaging in a long-term strategic planning exercise, charting the path for "CCRIF to 2030"**
- **Offering special policy features at no cost to members for the 10th year 2017/2018**
- **Launching an online discussion forum for CCRIF members**

A 10th anniversary logo also was launched as well as a dedicated page on the CCRIF website to provide information on activities being undertaken to celebrate the facility's ten years in operation.

Highlights of CCRIF'S 10th ANNIVERSARY *Celebrations*

CCRIF launched its 10th anniversary celebrations at the Caribbean Development Bank in February 2017 under the theme "Celebrating 10 years of innovation in catastrophe insurance … in the Caribbean and Central America".

1 L-R: Dr. Warren Smith, President, Caribbean Development Bank; Senator the Hon. Darcy Boyce, Minister in the Barbados Office of the Prime Minister; Hon. Allen Chastanet, Prime Minister of Saint Lucia; Mr. Milo Pearson, Chairman, CCRIF SPC and Mr. Isaac Anthony, CEO, CCRIF SPC

2 Mr. Joseph Cox, Assistant Secretary-General for Trade and Economic Integration at the CARICOM Secretariat

3 Hon. Allen Chastanet, Prime Minister of Saint Lucia, making a point in his keynote address at the launch of CCRIF's 10th anniversary celebrations

4 CCRIF Corporate Communications and Technical Assistance Managers (left and centre) and CCRIF COO, Mrs. Gillian Golah at the launch

5 L-R: Hon. Fayval Williams, Minister of State in Jamaica's Ministry of Finance and the Public Service; Dr. Warren Smith, President of the Caribbean Development Bank; and Ms. Ana Campos, Senior Disaster Risk Management Specialist at the World Bank

6&7 Cross-section of participants at the launch

PUBLIC RELATIONS AND MEDIA

CCRIF regularly develops and disseminates materials to national, regional and international stakeholders to facilitate better understanding of CCRIF and its products and services as well as issues related to disaster risk management, climate change adaptation and sustainable development.

Two videos about CCRIF were produced this year:

- **Working towards sovereign risk protection in Central America and the Caribbean - under an initiative led by the World Bank**
- **CCRIF Through the Years – which highlights key milestones from CCRIF's 10 years**

The videos are available on the CCRIF website and on YouTube.

During the 2016/17 policy year, CCRIF also produced approximately 30 publications including:

- **CCRIF Annual Report 2015-2016 (English and Spanish versions)**
- **CCRIF 10th anniversary commemorative magazine, CCRIF SPC Celebrating 10 years 2007-2017 (English and Spanish)**
- **Note on the Livelihood Protection Policy and COAST**
- **CCRIF Training Manual (customized for 5 countries)**
- **Project Proposal and Grant Writing Handbook (as a resource to applicants to the CCRIF Small Grants Programme)**
- **Pamphlet, How to become a member of CCRIF SPC and purchase coverage (produced in collaboration with the World Bank)**
- **Brochure, Introducing Integrated Sovereign Risk Management in the Caribbean (produced with the Caribbean Development Bank)**
- **14 country briefings for policy renewal meetings (available only to specific country)**

CCRIF engages with the Caribbean and international media to raise their awareness about CCRIF and its products and services. This also facilitates and expands discussion about disaster risk financing and the importance of countries implementing ex-ante risk financing options such as the insurance policies CCRIF provides. CCRIF accomplishes this through regularly hosting media events and issuing press releases.

Also, CCRIF uses its website and social media channels to raise awareness of CCRIF's activities and news as well as other issues related to disaster risk management and climate change. Furthermore, these channels allow for two-way communication enabling stakeholders to contact CCRIF with queries and requests for more information about issues of importance to them.

www.ccrif.org	pr@ccrif.org
CCRIF SPC	@ccrif_pr

This year, the CCRIF website was accessed 22,790 times – approximately the same as the previous year. This is a 175 per cent increase over the 8,300 visits in CCRIF's first year of operations.

CCRIF issued 11 press releases as shown below. All press releases are available on the CCRIF website.

- **22 August 2016 – CCRIF Makes US$260,000 Payout to Belize for Rains Associated with Hurricane Earl**
- **16 September 2016 CCRIF Invests US$140,000 in Regional Internship Programme - Places 45 Interns**
- **6 October 2016 – CCRIF Ready to Pay Haiti a little over US$20 Million Following Passage of Hurricane Matthew**
- **12 October 2016 – CCRIF to Pay Additional US$8 Million to Member Governments Affected by Hurricane Matthew**
- **20 October 2016 – CCRIF Completes Payments Totalling US$29 Million to Member Governments Affected by Hurricane Matthew**
- **7 November 2016 – Government of Haiti Helps 1.4 Million Persons Affected by Hurricane Matthew with CCRIF's Payouts**
- **24 November 2016 – CCRIF Meets with Barbados Minister of Finance to Recognize Payout of US$1.7 Million after Tropical Storm Matthew**
- **12 December 2016 – CCRIF Pays Nicaragua US$1.1 Million after Hurricane Otto**
- **23 February 2017 – CCRIF Celebrates 10 Years of Innovation in Catastrophe Risk Insurance**
- **23 March 2017 – CCRIF Provides Support to Belize to Improve National Rainfall Monitoring and Assessment**
- **25 May 2017 – CDB and CCRIF Launch Integrated Sovereign Risk Management in the Caribbean Project (jointly with CDB)**

CCRIF continues to be recognized as a best practice example in areas related to insurance, disaster risk management and climate change adaptation and is often referenced in articles written in a wide range of international and regional journals and news outlets as well as through social media channels of other organizations.

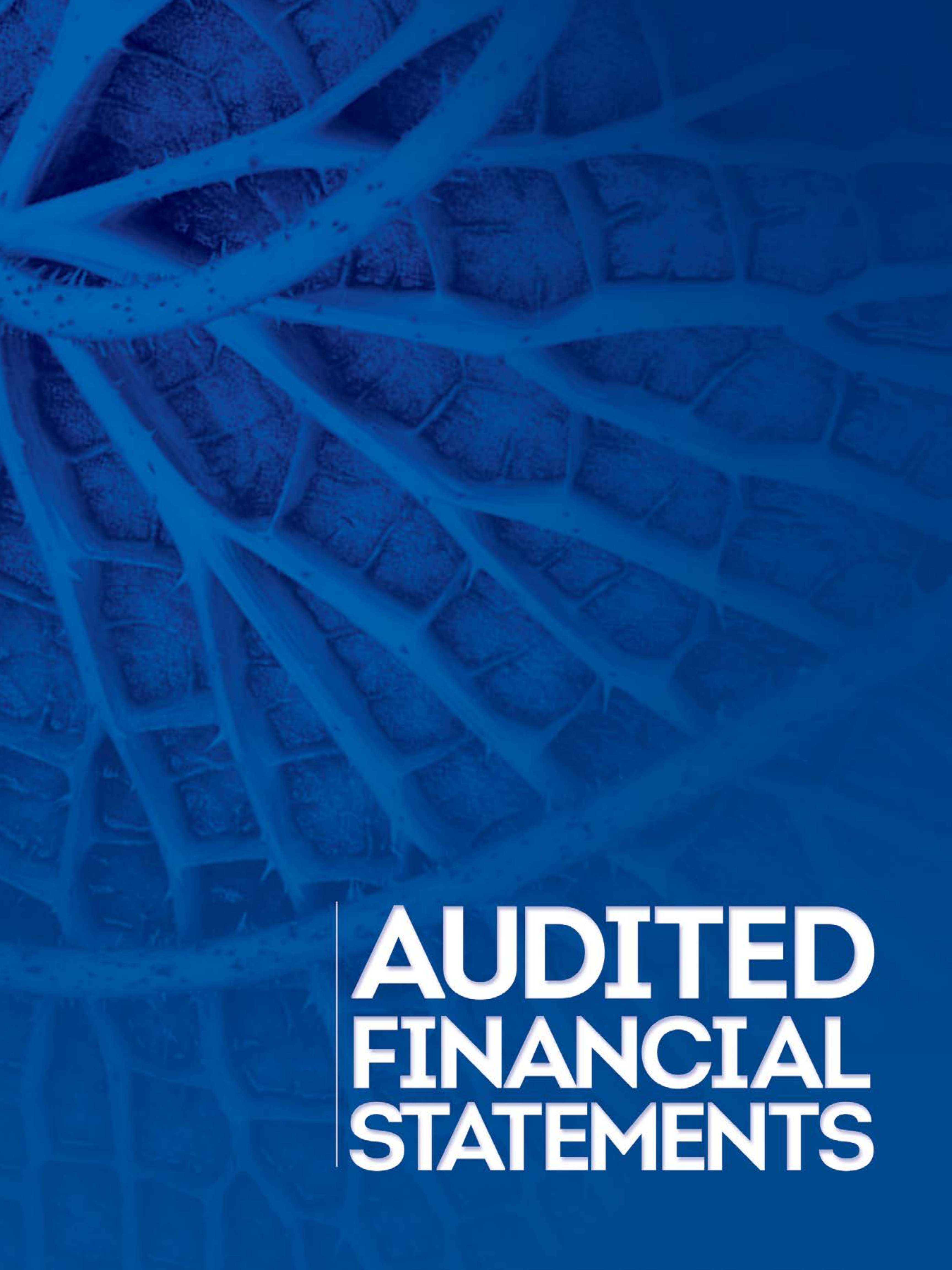
CONFERENCES AND MEETINGS

CCRIF participates in conferences and meetings organized by various regional and international organizations as a way to increase understanding about the facility and its role in disaster risk financing – as well as to share CCRIF's collective expertise and experience within discussions on global issues related to disaster risk management, climate change adaptation, sustainable development and more recently Agenda 2030 – Sustainable Development Goals.

During 2016-2017, CCRIF CEO, Mr. Isaac Anthony and members of the CCRIF Board and Team participated in over 12 conferences and workshops. Presentations at these conferences focused on issues related to parametric insurance, CCRIF as a tool in climate change adaptation, the expansion of CCRIF to include Central American countries as well as the application of parametric insurance to utilities. Some presentation topics are presented below.

Conference and Presentation Topics

- Reinforcing resilience: using parametric insurance as a driver of economic growth, risk management and poverty reduction at the bottom of the pyramid
- Rethinking development cooperation for the SDGs: country-level perspectives and lessons
- Insurance and microinsurance as instruments to minimize rsks caused by extreme weather events
- What is the feasibility of water utility companies factoring risk insurance into planning frameworks?



AUDITED FINANCIAL STATEMENTS

CCRIF SPC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2017

CCRIF SPC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2017

CONTENTS

Independent auditor's report

To the Board of Directors of CCRIF SPC (the "Company")

Our opinion

In our opinion, the financial statements on pages 3 - 25 present fairly, in all material respects the financial position of the General Portfolio of CCRIF SPC and each of Caribbean EQ/TC SP, Caribbean XSR SP, Loan Portfolio Cover SP and Central America SP (each a segregated portfolio of CCRIF SPC) (each the Portfolio) as at May 31, 2017 and the results of each of their operations and each of their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

What we have audited

Each Portfolio's financial statements comprise:

- the Balance Sheet as at May 31, 2017;
- the Statement of Operations for the year then ended;
- the Statement of Changes in Shareholder's Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the Supplemental Information presented on pages 26 – 30.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Portfolio's financial reporting process.

Independent auditor's report (continued)

In preparing the financial statements, management is responsible for evaluating whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Portfolio's ability to continue as a going concern within one year after the date that the financial statements are issued, or available to be issued, and disclosing, as applicable, matters related to this evaluation unless the liquidation basis of accounting is being used by the Portfolio.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Portfolio's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Portfolio to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report, including the opinion, has been prepared for and only for CCRIF SPC in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

October, 23, 2017

CCRIF SPC

BALANCE SHEET

AT MAY 31, 2017

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
ASSETS					
Cash and cash equivalents (Note 4)	2,996,744	5,371,300	4,803,867	496,771	1,152,035
Investments, at fair value (Note 5)	42,428,939	41,494,222	11,110,782	4,648,429	-
Margin collateral for derivative instruments (Note 8)	326,956	1,312,019	339,475	116,751	-
Development costs (Note 15)	1,365,467	-	-	-	-
Accrued interest	313,434	479,549	145,879	50,212	-
Due from Donor Funds	-	-	-	-	641,250
Due from Segregated Portfolios (Note 16)	-	-	515,146	-	-
Prepaid expenses	8,999	-	-	-	-
Total assets	47,440,539	48,657,090	16,915,149	5,312,163	1,793,285
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Accounts payable and accrued expenses	591,572	52,221	14,234	5,855	10,000
Unrealized losses on futures contracts	182,621	750,269	197,201	67,217	-
Due to Segregated Portfolios (Note 16)	-	515,146	-	-	-
Income from parametric insurance contracts received in advance	-	2,193,100	958,004	-	-
Brokerage, facility supervisor and risk management specialist fees payable	-	-	-	-	48,305
Participation fee deposits (Note 7)	-	13,016,875	-	-	1,000,000
Total liabilities	774,193	16,527,611	1,169,439	73,072	1,058,305
Shareholder's equity					
Share capital (Note 9)	1,000	-	-	-	-
Non-voting redeemable preference shares (Note 9)	-	1	1	1	1
Share premium (Note 9)	119,000	42,499,999	24,999,999	4,999,999	-
Retained earnings / (accumulated deficit)	46,546,346	(10,370,521)	(9,254,290)	239,091	734,979
Total shareholder's equity	46,666,346	32,129,479	15,745,710	5,239,091	734,980
Total liabilities and shareholder's equity	47,440,539	48,657,090	16,915,149	5,312,163	1,793,285

Approved for issuance on behalf of the Board of Directors of CCRIF SPC by:

Milo Pearson
Director

October 23, 2017
Date

Desiree Cherebin
Director

October 23, 2017
Date

The accompanying notes on pages 7-25 are an integral part of these financial statements.

CCRIF SPC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MAY 31, 2017

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Operating income					
Income from parametric insurance contracts (Note 2)	-	21,417,733	6,269,830	-	1,500,000
Discounts awarded on parametric insurance contracts	-	(5,388,233)	(950,783)	-	-
Expenses on parametric reinsurance contracts (Note 2)	-	(8,895,025)	(2,850,000)	-	(950,000)
Net income on parametric contracts	-	7,134,475	2,469,047	-	550,000
Ceding commissions on parametric reinsurance contracts	-	208,751	-	-	95,000
Total operating income	-	7,343,226	2,469,047	-	645,000
Operating expenses					
Claims paid on parametric insurance contracts (Note 10)	-	21,363,067	8,102,255	-	1,610,193
Claims recovered on parametric insurance contracts (Note 10)	-	-	(1,102,255)	-	(110,193)
Brokerage, facility supervisor and risk management specialist fees	661,736	193,746	-	-	101,078
Total operating expenses	661,736	21,556,813	7,000,000	-	1,601,078
Net operating income / (loss)	(661,736)	(14,213,587)	(4,530,953)	-	(956,078)
Other income and expenses					
Net investment income (Note 11)	1,945,784	1,590,657	493,222	172,307	152
Income from Donor Funds (Note 6)	-	-	-	-	2,378,750
Amortization of development costs (Note 15)	(168,700)	-	-	-	-
Technical assistance expenses	(679,645)	-	-	-	-
Segregated portfolio rental fees	2,575,000	(1,500,000)	(400,000)	-	(675,000)
Bad debt expense	-	-	(281,078)	-	-
Administrative expenses (Note 13)	(1,448,624)	(106,508)	(246,597)	(1,311)	(80,813)
Net income / (loss) for the year	1,562,079	(14,229,438)	(4,965,406)	170,996	667,011

The accompanying notes on pages 7-25 are an integral part of these financial statements.

CCRIF SPC

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED MAY 31, 2017

(Expressed in United States dollars)

Core

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2016	$ 1,000	$ -	$ 119,000	$ 44,984,267	$ 45,104,267
Net income for the year	-	-	-	1,562,079	1,562,079
Balance at May 31, 2017	$ 1,000	$ -	$ 119,000	$ 46,546,346	$ 46,666,346

EQ/TC SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Accumulated deficit	Total
Balance at May 31, 2016	$ -	$ 1	$ 42,499,999	$ 3,858,917	$ 46,358,917
Net loss for the year	-	-	-	(14,229,438)	(14,229,438)
Balance at May 31, 2017	$ -	$ 1	$ 42,499,999	$ (10,370,521)	$ 32,129,479

XSR SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Accumulated deficit	Total
Balance at May 31, 2016	$ -	$ 1	$ 24,999,999	$ (4,288,884)	$ $20,711,116
Net loss for the year	-	-	-	(4,965,406)	(4,965,406)
Balance at May 31, 2017	$ -	$ 1	$ 24,999,999	$ (9,254,290)	$ 15,745,710

LPC SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2016	$ -	$ 1	$ 4,999,999	$ 68,095	$ 5,068,095
Net income for the year	-	-	-	170,996	170,996
Balance at May 31, 2017	$ -	$ 1	$ 4,999,999	$ 239,091	$ 5,239,091

CA SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2016	$ -	$ 1	$ -	$ 67,968	$ 67,969
Net income for the year	-	-	-	667,011	667,011
Balance at May 31, 2017	$ -	$ 1	$ -	$ 734,979	$ 734,980

The accompanying notes on pages 7-25 are an integral part of these financial statements.

CCRIF SPC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2017

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Operating activities					
Net income/(loss) for the year	1,562,079	(14,229,438)	(4,965,406)	170,996	667,011
Adjustments to reconcile net income/(loss) to net cash from operating activities:					
Adjustment for items not affecting cash:					
Change in fair value of investments	(1,101,467)	(1,302,479)	(474,049)	(114,408)	-
Net realized losses on investments	519,138	870,920	442,448	111,957	-
Change in unrealized gain on derivatives	203,574	823,761	216,886	73,430	-
Amortisation of development cost	168,700	-	-	-	-
Trading Securities:					
Purchase of securities and options	(35,229,388)	(39,730,806)	(14,750,932)	(3,801,774)	-
Proceeds from sale of securities and options	48,061,985	41,276,841	22,071,985	3,445,289	-
Change in derivatives margin collateral balance	(326,956)	(1,312,019)	(339,475)	(116,751)	-
Changes in assets and liabilities:					
Accrued interest	62,993	(76,200)	31,678	(16,250)	-
Amounts due from Donor Funds	-	-	-	-	(380,600)
Due from Segregated portfolios*	2,500	1,285,000	(500,146)	-	193,640
Prepaid expenses	7,032	-	-	-	-
Accounts payable and accrued expenses*	118,180	(39,893)	(9,758)	(438)	5,759
Due to Segregated Portfolios*	(13,613,648)	515,146	(1,285,000)	-	-
Premium receivable*	-	-	496,711	-	-
Income from parametric insurance contracts received in advance	-	2,193,100	958,004	-	-
Brokerage, facility supervisor and risk management					48,305
specialist fees payable	-	-	-	-	-
Participation fee deposits*	-	(215,633)	-	-	-
Due from Core	-	13,420,008	-	-	-
Due to Core	-		(2,500)	-	(15,000)
Net cash provided by/(used in) operating activities	434,722	3,478,308	1,890,446	(247,949)	519,115
Investing activities					
Development costs*	(824,000)	-	-	-	-
Net cash used in investing activities	(824,000)	-	-	-	-
Net change in cash and cash equivalents	(389,278)	3,478,308	1,890,446	(247,949)	519,115
Cash and cash equivalents at the beginning of year	3,386,022	1,892,992	2,913,421	744,720	632,920
Cash and cash equivalents at the end of year	2,996,744	5,371,300	4,803,867	496,771	1,152,035
Interest and dividends received	1,394,261	1,178,732	461,368	106,408	152

*Non-cash transaction: $250,000 of additions to development costs were accrued as at May 31, 2017. Non-cash participation fee deposits of $215,633 held within EQ/TC SP were transferred to XSR SP and offset against Premium receivable for one participating country (Note 7)

The accompanying notes on pages 7-25 are an integral part of these financial statements.

1. Incorporation and principal activity

The Company was incorporated as Caribbean Catastrophe Risk Insurance Facility on February 27, 2007 under the laws of the Cayman Islands and obtained an insurance licence under the provisions of the Cayman Islands Insurance Law on May 23, 2007. On May 27, 2014 the Company re-registered as a Segregated Portfolio Company under the name of CCRIF SPC. The Company's sole shareholder is Mourant Ozannes Corporate Services (Cayman) Limited as is trustee (the "Trustee") of the CCRIF Star Trust (the "Trust"). The non-voting redeemable preference shares of each segregated portfolio (Note 9) are also held by the Trust.

The principal activity of the Company, through the establishment of various segregated portfolios (the "Segregated Portfolios"), is to provide catastrophe risk coverage through parametric insurance contracts, specifically relating to tropical cyclones, earthquakes and excess rainfall events ("events"), to certain Caribbean and Central American countries ("Participating Countries").

As of May 31, 2017, the Company comprises the General Portfolio (the "Core"), which undertakes no underwriting activities, and five Segregated Portfolios ("SP"s), namely:

- Caribbean EQ/TC SP ("EQ/TC") – provides earthquake and tropical cyclone coverage to Caribbean governments
- Caribbean XSR SP ("XSR") – provides excess rainfall coverage to Caribbean governments
- Loan Portfolio Cover SP ("LPC") – provides loan portfolio coverage to financial institutions in Caribbean countries. LPC had not provided coverage as at May 31, 2017.
- Central America SP ("CA SP") - provides earthquake and tropical cyclone coverage to Central American governments
- COAST SP ("COAST SP") – COAST SP will provide fisheries and aquaculture protection coverage to Caribbean governments. COAST SP had not provided coverage as at May 31, 2017.

Collectively the Core and SPs are referred to as "CCRIF SPC".

In accordance with the relevant Cayman Islands laws, the assets and liabilities of the Segregated Portfolios are required to be kept separate and segregated from the assets and liabilities of the Core. Further, the assets and liabilities of each Segregated Portfolio are required to be kept segregated, separate and separately identifiable from the assets and liabilities of any other Segregated Portfolio. In the case of insolvency with respect to the general business activities, creditors will be entitled to recourse only to the extent of the assets of the Core. In the case of insolvency with respect to or attributable to a particular Segregated Portfolio, creditors will be entitled to have recourse only to the assets attributable to such Segregated Portfolio; such a claim shall not extend to the assets attributable to the Core or any other Segregated Portfolio.

The Core and SPs all use common service providers, share common processes, accounting systems, control environment, management and apply common accounting policies.

2. Parametric contracts

Each Participating Country determines the level of aggregate coverage and attachment points which are then used to determine their individual premiums. Claims are based on model-derived estimates of government losses generated using a pre-defined and escrowed catastrophe loss model and input data regarding the nature of each physical hazard event, as set out in the "Claims Procedures Manual" (hereinafter the "Claim Payout") and not with reference to actual losses incurred by the respective Participating Countries. Accordingly, Claim Payouts are not triggered by actual losses but rather the occurrence of the specified events within the defined policy parameters.

2. Parametric contracts (continued)

EQ/TC has ceded layers of this exposure to commercial reinsurers and the International Bank for Reconstruction and Development ("IBRD"). The following is a summary of the coverage in the program for the 2016/17 policy period:

- EQ/TC retains all losses up to $25 million.
- 100% of the next $138 million of losses are reinsured with quality reinsurers with an A.M. Best rating of at least A and the IBRD.
- EQ/TC retains all subsequent losses above $163 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-625 year loss event.

For the 2016/17 policy period, the combined aggregate coverage limits for all Participating Countries in the EQ/TC were $342 million for tropical cyclone events and $281 million for earthquake events, respectively.

XSR has ceded layers of this exposure to a commercial reinsurer. The following is a summary of the coverage in the program for the 2016/17 policy period:

- XSR retains all losses up to $7 million.
- 100% of the next $35 million of losses are reinsured with a quality reinsurer with an A.M. Best rating of A+.
- XSR retains all subsequent losses above $42 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-625 year loss event.

For the 2016/17 policy period, the combined aggregate coverage limits for all Participating Countries in the XSR SP was $74 million.

CA SP has ceded layers of this exposure to commercial reinsurers. The following is a summary of the coverage in the program for the 2016/17 policy period:

- CA SP retains all losses up to $1.5 million.
- 100% of the next $18.5 million of losses are reinsured with quality reinsurers with an A.M. Best rating of at least A.
- CA SP retains all subsequent losses above $20 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-769 year loss event.

For the 2016/17 policy period, the combined aggregate coverage limits for all Participating Countries in the CA SP were $18 million for tropical cyclone events and $10 million for earthquake events, respectively.

Losses are determined in accordance with the formulae set out in the contracts and are recorded as an expense on occurrence of a covered event. At May 31, 2017, there were no unpaid losses.

LPC and COAST SP coverage have not yet commenced.

3. Significant accounting policies

These financial statements on pages 3-25 have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are stated in United States dollars. A summary of the significant accounting and reporting policies used in preparing the accompanying financial statements is as follows:

3. Significant accounting policies (continued)

Management estimates and assumptions: The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents: Cash and cash equivalents comprise of call accounts with banker and investment custodians. The total cash balance includes cash held in foreign currencies for the Core, EQ/TC SP, XSR SP and LPC SP with costs of $84,358, $208,073, $244,972, $66,589 and market values of $85,292, $210,796, $251,011, $67,600 respectively.

Investments: Investments consist of investments in equities, exchange-traded funds, retail mutual funds, corporate and government debt securities and short-term investments. Investment securities are traded with the objective of generating profits on short-term differences in market prices; accordingly, investments are classified as trading securities and are measured at fair value.

The fair value of exchange-traded funds is based on quoted market prices. The fair value of equity and fixed income securities are determined based on quoted market prices and/or prices determined using generally accepted pricing models as provided by the investment manager and custodian. The fair value of the retail mutual funds is based on the daily net asset values provided by fund administrators.

Unrealized gains and losses on investments are recorded as a change in fair value in the Statement of Operations. Realized gains and losses on investments are determined on the specific identification method and are credited or charged to the Statement of Operations.

Interest and dividend income is recorded on the accruals basis.

Forward and futures contracts: Investment managers are permitted to invest, within prescribed limits, in financial exchange traded futures contracts for managing the asset allocation and duration of the fixed income portfolio. Initial margin deposits are made upon entering into futures contracts and can be made either in cash or securities. During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or losses by "marking-to-market" on a daily basis to reflect the market value of the contracts at the end of each day's trading. Variation margin payments are made or received, depending upon whether unrealized losses or gains are incurred. When the contracts are closed realized gain or loss is recorded equal to the difference between the proceeds from (or cost of) the closing transaction and the basis in the contracts. Futures contracts are valued based on exchange traded prices.

Investment managers are also permitted to invest in forward foreign exchange contracts to hedge or obtain exposure to foreign currency fluctuations in its securities which are denominated in currencies other than the U.S. dollar. These contracts are also valued daily using the "marking-to-market" method and are recognized in the balance sheet at their fair value, being the unrealized gains or losses on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date. Open forward and futures contracts are valued using Level 1 and Level 2 inputs (as defined in the accounting policy below), respectively.

Realized gains and losses and movement in unrealized gains and losses on both futures and foreign currency forward contracts are recorded as a component of investment income in the Statement of Operations.

Over-the-counter ("OTC") options: Investment managers are permitted to purchase and write OTC options to hedge against or obtain exposure to changes in the value of equities. OTC options are generally valued based on estimates provided by broker dealers or derived from proprietary/external pricing models using quoted inputs based

3. Significant accounting policies (continued)

on the terms of the contracts. Movement in unrealized gains and losses on OTC options are recorded as a component of investment income in the Statement of Operations. Open OTC options are valued using Level 2 inputs (as defined in the fair value measurements accounting policy below).

Other Options and Warrants: Investment managers are permitted to purchase exchange-traded options and warrants to hedge against or obtain exposure to changes in equity price. When an option or warrant is purchased, an amount equal to the premium paid is recorded as an investment and is subsequently adjusted to the current market value of the option or warrant purchased. Premiums paid for the purchase of options or warrants which expire unexercised are treated as realized losses on derivative contracts. If a purchased put option is exercised, the premium is subtracted from the proceeds of the sale of the underlying security, foreign currency or commodity in determining whether gain or loss have been realized on derivative contracts. If a purchased call option or warrant is exercised, the premium increases the cost basis of the purchased security, foreign currency or commodity.

Movement in unrealized gains and losses on other options and warrants are recorded as a component of investment income in the Statement of Operations. Open options and warrants are valued using Level 2 inputs (as defined in the fair value measurements accounting policy below).

Fair value measurements: US GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under US GAAP are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that CCRIF SPC has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors for debt securities. The fair value of investments in common stocks and exchange-traded funds is based on the last traded price. Net Asset Values ("NAV") are used to estimate the fair value of investments in non-exchange traded mutual funds. Investments in debt securities are valued based on observable inputs for similar securities and may include broker quotes.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the investment managers and custodians. The investment manager and custodian consider observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant markets.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the investment advisors' perceived risk of that instrument. Investments are initially recorded at cost on trade date (being the fair value at date of acquisition) and are subsequently re-valued to fair value.

3. Significant accounting policies (continued)

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, exchange-traded funds and certain short-term, investments. The investment manager does not adjust the quoted price for such instruments. Investments that trade in markets that are considered to be less active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include liquid corporate debt securities and non-exchange traded mutual funds. As Level 2 investments include positions that may not be traded in active markets and/or may subject to transfer restrictions, valuations may be adjusted, generally based on available market information.

None of the investments are classified within Level 3.

Income from Donor Funds: In accordance with the agreements described in Note 6, income from Donor Funds is recorded on an accruals basis when costs reimbursable under the grant agreements were incurred and are contractually reimbursable.

Income and expenses from parametric contracts: Amounts payable/receivable for claims under the parametric policies written and ceded does not correlate directly to the policyholder's incurred insurable loss (see Note 2 for details). Accordingly, these policies are not accounted for as insurance contracts within these financial statements.

Income from parametric contracts is initially recognized as a liability (reinsurance expense ceded: as an asset) and subsequently reported at fair value. All subsequent changes in fair value of the parametric contracts are recognized in earnings as income (reinsurance expenses) attributable to parametric contracts. The fair value of the contracts is determined based on management's best estimate of the discounted payouts (recoveries) resulting from the reasonably probable occurrence, magnitude and location of insured/reinsured events (based on historical trends and statistics) during the unexpired period of the contracts. At May 31, 2017, the fair value of these instruments was $Nil and accordingly, all income and expenses on such contracts are recognized as income/expense in the Statement of Operations. The net realized gains on the parametric contracts are comprised of the following line items within the Statement of Operations: Income from parametric insurance contracts, Discounts awarded on parametric insurance contracts, Claims paid on parametric insurance contracts, and Claims recovered on parametric insurance contracts, and are $5,333,567 in EQ/TC SP, $1,680,953 in XSR SP and $Nil in CA SP for the year ended May 31, 2017.

Participation fee deposits: Participation fee deposits are paid by Participating Countries to enter the program. Deposits received are recorded as a liability in the financial statements. Participation fee deposits are recognized as income when:

- they are no longer refundable to the Participating Countries (see Note 7); and/or
- they are required to fund losses (see Note 7)

Deposits that are utilized to fund losses will be reinstated to the extent available from subsequent retained earnings up to the maximum amount of the initial deposits.

Foreign currency translation: Foreign currency assets and liabilities are converted to U.S. dollars at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into U.S. dollars at the rate of exchange prevailing at the date of the transaction. Foreign exchange differences are included in the Statement of Operations in the year to which they relate.

Uncertain income tax positions: The authoritative US GAAP guidance on accounting for, and disclosure of, uncertainty in income tax positions requires CCRIF SPC to determine whether an income tax position is more likely than not to be sustained upon examination by the relevant tax authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For income tax positions meeting the more likely than not threshold, the tax amount recognized in the financial statements, if any, is reduced by the largest

3. Significant accounting policies (continued)

benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The application of this authoritative guidance has had no effect on the financial statements.

Provision for uncollectible receivables: Management evaluates credit quality by evaluating the exposure to individual counterparties; where warranted management also considers the credit rating of financial position, operating results and or payment history of the counterparty. Management establishes provisions for amounts for which collection is considered doubtful. Adjustments for previous assessments are recognized as income in the year in which they are determined. No receivables are due in more than 12 months. At May 31, 2017, $281,078 of receivables were determined to be past due and impaired and, pursuant to approval of the Board of Directors, has been written off.

Development costs: Development costs are amounts capitalized with respect to the development of loss models used by the Segregated Portfolios. The costs are amortized on a straight line basis over 10 years for loss models (and 3 years for model upgrades), being management's best estimate of the expected useful life from the date the respective models become operational.

Segregated Portfolios: Each segregated portfolio's assets, liabilities and transactions are kept segregated and separately identifiable and accordingly each segregated portfolio is a separately identifiable financial reporting unit which respectively maintains segregated accounting records.

Each individual Segregated Portfolio is established in connection with the issuance of separate non-voting redeemable preference shares which are attributable to an individual segregated portfolio. The preference shares of each Segregated Portfolio are held by the Trust. Accordingly, as the Core has no ownership or beneficial interests in the net assets of any Segregated Portfolio, the results of the Segregated Portfolios are not consolidated and no transactions between Segregated Portfolios and/or the Core are eliminated.

Separate financial statements are prepared for the Core and each Segregated Portfolio and presented individually in columnar format.

Segregated Portfolio rental fees: The Board of Directors may, at its discretion, charge rental fees to the Segregated Portfolios. Such fees represent a discretionary allocation of central costs necessarily incurred by the Core in the operation of the Segregated Portfolios. Rental fee income and expenses is recorded by the Core and Segregated Portfolios, respectively, when declared by the Board of Directors and in the amounts so determined by the Board of Directors.

4. Cash and cash equivalents

Cash and cash equivalents comprise accounts held by two banks in the Cayman Islands, along with cash and margin call accounts held with the investment managers, and are managed within guidelines established by the Board of Directors.

5. Investments

During the year, London and Capital and Butterfield Bank were engaged to provide asset management services under the terms of the related investment management agreements.

(Expressed in United States dollars)

5. Investments (continued)

The following tables summarize the investments that are measured at fair value at May 31, 2017, refer to Note 8 for additional disclosure over derivatives held at year end:

Core	**Fair Value Measurements Determined Using: Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**	**Total**
At May 31, 2017:				
Assets				
Non-exchange traded mutual funds	$ -	$ 2,487,780	$ -	$ 2,487,780
Exchange-traded funds	1,330,875	-	-	1,330,875
Equity investments				
- Communications	105,081	-	-	105,081
- Industrial	224,143	-	-	224,143
- Consumer, Non-cyclical	445,619	-	-	445,619
- Technology	113,051	-	-	113,051
Corporate debt securities	-	35,896,912	-	35,896,912
Government sponsored debt securities	-	1,825,478	-	1,825,478
Total Assets	$ 2,218,769	$ 40,210,170	$ -	$ 42,428,939

EQ/TC SP	**Fair Value Measurements Determined Using: Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**	**Total**
At May 31, 2017:				
Assets				
Equity investments				
- Communications	$ 483,585	$ -	$ -	$ 483,585
- Industrial	1,031,043	-	-	1,031,043
- Consumer, Non-cyclical	2,049,000	-	-	2,049,000
- Technology	519,907	-	-	519,907
Corporate debt securities	-	35,565,275	-	35,565,275
Government sponsored debt securities	-	1,845,412	-	1,845,412
Total Assets	$ 4,083,535	$ 37,410,687	$ -	$ 41,494,222

(Expressed in United States dollars)

5. Investments (continued)

XSR SP	**Fair Value Measurements Determined Using:** Level 1 inputs	Level 2 inputs	Level 3 inputs	**Total**
At May 31, 2017				
Assets				
Equity investments				
- Communications	$ 131,813	$ -	$ -	$ 131,813
- Industrial	280,848	-	-	280,848
- Consumer, Non-cyclical	557,781	-	-	557,781
- Technology	141,685	-	-	141,685
Corporate debt securities	-	9,798,501	-	9,798,501
Government sponsored debt securities	-	200,154	-	200,154
Total Assets	$ 1,112,127	$ 9,998,655	$ -	$ 11,110,782

LPC SP	**Fair Value Measurements Determined Using:** Level 1 inputs	Level 2 inputs	Level 3 inputs	**Total**
At May 31, 2017:				
Assets				
Equity investments				
- Communications	$ 54,696	$ -	$ -	$ 54,696
- Industrial	117,498	-	-	117,498
- Consumer, Non-cyclical	231,029	-	-	231,029
- Technology	58,820	-	-	58,820
Corporate debt securities	-	4,186,386	-	4,186,386
Total Assets	$ 462,043	$ 4,186,386	$ -	$ 4,648,429

There were no transfers between Levels 1, 2 or 3 during the year ended May 31, 2017.

(Expressed in United States dollars)

5. Investments (continued)

The cost of investments for Core, EQ/TC, XSR and LPC at May 31, 2017 is $41,609,950, $40,896,554, $10,999,943 and $4,622,243 respectively.

At May 31, 2017, the Core holds positions in one non-exchange traded open ended mutual funds, the PIMCO Global High Yield Bond Fund incorporated in Ireland having a fair value of $$2,487,780. The objective of this fund is to seek to maximise total return consistent with prudent investment management. Management considers this funds to be relatively liquid as the funds process subscriptions and redemptions on a daily basis, subject to its respective terms and conditions. Under certain circumstances, the administrator of the funds has the ability to suspend redemptions if it is considered to be in the best interests of the shareholder company of the funds as a whole. There are no unfunded commitments to these mutual funds.

	Core	**EQ/TC SP**	**XSR SP**	**LPC SP**
Percentage of debt securities issued by US counterparties	47%	35%	30%	53%
Percentage of debt securities issued by UK counterparties	18%	23%	28%	21%
Percentage of debt securities issued by counterparties based other countries	35%	42%	42%	26%

	Core	**EQ/TC SP**	**XSR SP**	**LPC SP**
Percentage of debt securities graded as A- or higher	45%	27%	19%	21%
Percentage of debt securities graded as BBB- or higher but lower than A-	52%	63%	69%	69%
Percentage of non-investment graded debt securities below BBB- or not rated	3%	10%	12%	10%

The average maturity of fixed income securities as at May 31, 2017 is disclosed in the table below:

	Core	**EQ/TC SP**	**XSR SP**	**LPC SP**
Average maturity	6.00 years	8.09 years	9.04 years	7.51 years

The above calculations do not include perpetual bonds held by the Core, EQ/TC SP, XSR SP and LPC SP at May 31, 2017 which totalled 10%, 38%, 48% and 30% of the total fixed income investments respectively.

The company is exposed to foreign exchange risk on debt securities that corresponds to the jurisdiction of the issuing counterparties.

6. Donor Funds

Effective October 14, 2015, an agreement was entered into between the International Bank for Reconstruction and Development/International Development Association (World Bank) acting as administrator of the Central America and Caribbean Catastrophe Risk Insurance Program Multi-Donor Trust Fund, and CA SP on behalf of CCRIF SPC (the "Recipient") as per CCRIF TF Grant No TF0A0564. The grant is for US$19.5 million to CCRIF SPC for a Central America and Caribbean Catastrophe Risk Insurance Project. The Donor Funds finance Parametric Earthquake Risk Insurance and Parametric Climate Risk Insurance for CA SP Participating Countries. The Multi-Donor Trust Fund has a closing date of June 30, 2019 which is extendable upon negotiations between the World Bank and the donors to the Multi-Donor Trust Fund. At the termination of the grant arrangement, the reimbursements will cease. Any unused funding at the date of termination will no longer be available to CA SP. Costs reimbursable under the grant agreement include insurance payouts of CA SP, to the extent that such payouts are not covered by any reinsurance purchased by CA SP, reinsurance premiums and other certain operational expenses of CA SP agreed with the World Bank.

During the year ended May 31, 2017, $2,378,750 donor fund income relating to the World Bank project was recorded in the statement of operations in CA SP, of which $1,500,000 related to claims payments under parametric contracts not recoverable from CA SP's reinsurers and $878,750 related to reinsurance premium payments (is net of a $22,945 brokerage fee discount received) made during the year. $641,250 of reimbursements claims were due form the Multi Donor Trust Fund, and management considers this amount fully recoverable. At May 31, 2017, $16,539,950 was available from the Multi Donor Trust Fund to finance future reimbursable costs of CA SP during the remaining period of the arrangement

7. Participation fees deposits

Participating fee deposits represent non-recurring amounts required to be paid by each Participating Country to enter a CCRIF SPC program. The deposits are equivalent to a proportion of the annual premiums written in respect of each Participating Country. It is Management's intent that participation fee deposits are available to fund losses in the event that funds from retained earnings and reinsurers are insufficient. If deposits are used to fund losses, it is also Management's intent that any subsequent earnings will be used to reinstate the deposits to their original carrying value; however, for the period from inception to May 31, 2017, no deposit has been used to pay losses. The participation fees are refundable, without interest, in the event that the CCRIF SPC does not renew the coverage to participating countries. Participation fees are not refundable if a Participating Country leaves the program for more than one year in any five year period, and would be recognized as income at that point. Participating Countries, who leave the program resulting in participation fees being voided, may, at the discretion of the Directors, be required to repay participation fees if they want to rejoin the program subsequently. Further, participation fees deposits are partially refundable when a Participating Country's premium is reduced due to a reduction in coverage purchased, to the extent of the revised annual premiums.

During the year ended May 31, 2011, the Board of Directors approved a modification to the participation agreements such that up to 50% of the participation fees deposits paid by the Participating Countries could be used towards their respective premiums and during the year ended May 31, 2017, one Participating Country elected to use a proportion of participation fee deposits held by EQ/TC SP to partially settle its premium owing to XSR SP (refer to Statements of Cash Flow for amount).

8. Derivative instruments

Derivatives are used for hedging purposes and portfolio management. Derivative instruments transactions include futures, forwards, and options with each instrument's primary risk exposure being interest rate, credit, foreign exchange, equity or commodity risk. The fair value of these derivative instruments is included as a separate line item in the balance sheet with changes in fair value reflected as net change in unrealized gains/(losses) on derivatives as a component of the investment income line item in the Statement of Operations (see Note 11).

The following tables indicate the realized and unrealized gains and losses on derivatives, by contract type, as included in investment income in the Statement of Operations for the year ended May 31, 2017 (see Note 11).

(Expressed in United States dollars)

8. Derivative instruments (continued)

Core	**Gross realized gains**	**Gross realized losses**	**Net realized gains**	**Change in unrealized losses**
Futures/options on fixed income securities	$ 237,331	$(322,475)	$(85,144)	$(5,688)
Foreign exchange futures contracts	750,763	(120,742)	630,021	(197,886)
Total	$ 988,094	$(443,217)	$ 544,877	$(203,574)

EQ/TC SP	**Gross realized gains**	**Gross realized losses**	**Net realized gains**	**Change in unrealized losses**
Futures/options on fixed income securities	$ 553,986	$(758,940)	$(204,954)	$(10,156)
Foreign exchange futures contracts	1,655,202	(230,675)	1,424,527	(813,605)
Total	$ 2,209,188	$(989,615)	$ 1,219,573	$(823,761)

XSR SP	**Gross realized gains**	**Gross realized losses**	**Net realized gains**	**Change in unrealized losses**
Futures/options on fixed income securities	$ 201,851	$(325,170)	$(123,319)	$(4,508)
Foreign exchange futures contracts	600,285	(50,818)	549,467	(212,378)
Total	$ 802,136	$(375,988)	$ 426,148	$(216,886)

LPC SP	**Gross realized gains**	**Gross realized losses**	**Net realized gains**	**Change in unrealized losses**
Futures/options on fixed income securities	$ 53,949	$(46,743)	$ 7,206	-
Foreign exchange futures contracts	195,958	(23,681)	172,277	(73,430)
Total	$ 249,907	$(70,424)	$ 179,483	$ (73,430)

The exposures on derivative contracts are generally short-term as these contracts are settled or lapse within a short time frame. The positions held in foreign exchange contracts at May 31, 2017, are reflective of the average positions held in forward and futures contracts during the year. With respect to futures and option contracts, the maximum notional exposure at any one point in time during the year ended May 31, 2017 were (there was no short Options exposure during the year):

Core	Futures: Short: $9,880,180	Long: $830,769	Options: Long: $ 6,030,000
EQ/TC SP	Futures: Short: $19,724,841	Long: $1,328,750	Options: Long: $10,620,000
XSR SP	Futures: Short: $7,061,269	Long: $498,281	Options: Long: $ 4,590,000
LPC SP	Futures: Short: $1,694,538	Long: $Nil	Options: Long: $ 1,350,000

(Expressed in United States dollars)

8. Derivative instruments (continued)

The following outstanding foreign exchange contracts were held as at May 31, 2017:

Core	Maturity date	Notional value	Fair Values
United States Dollars future (bought US$ sold €)	June 19, 2017	$(1,271,250) (at future rate of US$1.13: €1)	$ (68,161)
United States Dollars future (bought US$ sold £)	June 19, 2017	$(2,499,375) (at future rate of US$1.29:£1)	(114,460)
			$ (182,621)

EQ/TC SP	Maturity date	Notional value	Fair Values
United States Dollars future (bought US$ sold €)	June 19, 2017	$(6,073,750) (at future rate of US$1.13:€1)	$ (325,660)
United States Dollars future (bought US$ sold £)	June 19, 2017	$(9,271,875) (at future rate of US$1.29 :£1)	(424,609)
			$ (750,269)

XSR SP	Maturity date	Notional value	Fair Values
United States Dollars future (bought US$ sold €)	June 19, 2017	$(1,130,000) (at future rate of US$ 1.13: €1)	$ (60,588)
United States Dollars future (bought US$ sold £)	June 19, 2017	$(2,983,125) (at future rate of US$ 1.29: £1)	(136,613)
			$ (197,201)

LPC SP	Maturity date	Notional value	Fair Values
United States Dollars future (bought US$ sold €)	June 19, 2017	$(565,000) (at future rate of US$1.13: € 1)	$ (30,294)
United States Dollars future (bought US$ sold £)	June 19, 2017	$(806,250) (at future rate of US$1.29: £1)	(36,923)
			$ (67,217)

Additional disclosure is required for investments and derivative financial instruments subject to master netting or similar agreements which are eligible for offset in the Balance sheet and requires an entity to disclose both gross and net information about such investments and transactions in the financial statements.

The following table presents on the gross amounts presented in the Balance Sheets:

(Expressed in United States dollars)

8. Derivative instruments (continued)

As of May 31, 2017

Entity	Asset Type	Counterparty	Gross amount of financial assets presented on the Balance sheet*	Gross amount of financial liabilities presented on the Balance sheet**	Net amount not offset on the Balance Sheet
Core	Currency Future	RBS	$ 326,956	$ (182,621)	$ 144,335
EQ/TC SP	Currency Future	RBS	$ 1,312,019	$ (750,269)	$ 561,750
XSR SP	Currency Future	RBS	$ 339,475	$ (197,201)	$ 142,274
LPC SP	Currency Future	RBS	$ 116,751	$ (67,217)	$ 49,534

*All of these assets represent cash balances held at brokers subject to margin restrictions at year end.
** These exchange traded derivatives meet the criteria of Level 1 investments as defined within Note 3

9. Share capital and share premium

The authorised share capital of CCRIF SPC is $50,000 divided into 1,000 voting ordinary shares with a nominal or par value of $1.00 per share and 49,000 non-voting redeemable preference shares of $1.00 each. The following amounts are issued and fully paid.

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
Share capital	$ 1,000	$ -	$ -	$ -	$ -
Non-voting redeemable preference shares	-	1	1	1	1
Share premium	119,000	42,499,999	24,999,999	4,999,999	-
	$120,000	$42,500,000	$25,000,000	$ 5,000,000	$ 1

The holders of the general common shares are entitled to receive notice of, attend and vote at any general meeting of CCRIF SPC. Holders of non-voting redeemable segregated portfolio shares have no right to receive notice of or attend any general meetings of CCRIF SPC, nor have any right to vote at any such meetings in respect of such shares. Holders of non-voting redeemable segregated portfolio shares have the right to dividends or other distributions, subject to a directors' resolution as to the timing and amount of such dividends, have the right to a return of capital of CCRIF SPC upon winding up of CCRIF SPC, in preference to that of the Ordinary shares, and the shares can be redeemed by CCRIF SPC.

The share premium account represents the excess of the proceeds from issued share capital over the par value of the shares issued. The share premium account was established in accordance with the Cayman Islands Companies Law, which restricts the uses of these reserves.

Pursuant to the CCRIF SPC's Articles of Association, the Directors may declare and authorize payment of dividends out of profits of CCRIF SPC. Payment of any dividends is subject to approval by the Cayman Islands Monetary Authority ("CIMA").

(Expressed in United States dollars)

9. Share capital and share premium (continued)

Under the Cayman Islands Insurance Law the Company is required to maintain a minimum and prescribed net worth of $100,000.

CIMA has statutory powers that enable it to use its discretion to require CCRIF SPC to conduct its operations in accordance with general or specific conditions which may be imposed by CIMA or may be agreed between CIMA and CCRIF SPC. Generally, such matters are set out in the Business Plan which CCRIF SPC files with CIMA and, amongst others, includes reference to the risks assumed and retained by CCRIF SPC, the funding and capitalization levels, and investment policies.

10. Claims paid

There was one triggering event which resulted in claim payments to Participating Countries in the EQ/TC SP. Total claim payments in the year ending May 31, 2017 were $21,363,067. No amounts were recovered from reinsurers in respect of these claims.

There were two triggering events which resulted in claim payments to Participating Countries in the XSR SP. Total claim payments in the year ending May 31, 2017 were $8,102,255. $1,102,255 was recovered from the reinsurer in respect of these claims.

There were two triggering events which resulted in claim payments to Participating Country in the CA SP. Total claim payments in the year ending May 31, 2017 were $1,610,193. $110,193 was recovered from the reinsurers in respect of these claims.

11. Net Investment Income

Net Investment income comprises:	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
Interest and dividend income	$ 1,331,268	$ 1,254,932	$ 429,690	$ 122,658	$ 152
Change in fair value of investments	1,101,467	1,302,479	474,049	114,408	-
Net realized losses on sale of investments	(519,138)	(870,920)	(442,448)	(111,957)	-
Investment management, custody and fund administration fees	(216,509)	(353,958)	(119,977)	(41,986)	-
Currency foreign exchange gains / (losses)	(92,607)	(137,688)	(57,354)	(16,869)	-
Net realized gains on derivative instruments (Note 8)	544,877	1,219,573	426,148	179,483	-
Change in unrealized losses on derivative instruments (Note 8)	(203,574)	(823,761)	(216,886)	(73,430)	-
	$ 1,945,784	$ 1,590,657	$ 493,222	$ 172,307	$ 152

12. Related party transactions

During the year ended May 31, 2017, the Core incurred the Trustee and Enforcer fees of $25,000 on behalf of the Trust.

During the year ended May 31, 2017, key management compensation consisted of salaries and expenses amounting to $504,312 for three employees which are included within administration expenses.

(Expressed in United States dollars)

13. Administration expenses

Administration expenses comprise:

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
Audit and other professional fees	$ 151,365	$ 103,750	$ 227,208	$ -	$ 33,750
Captive management fees	132,750	-	15,000		12,000
Consultancy fees	22,500	-	-	-	-
Board and executive management remuneration	756,101	-	-	-	-
Directors' and Officers' insurance	24,750	-	-	-	-
Legal fees	18,915	-	1,701	-	2,445
Government fees	18,841	671	671	671	671
Meeting expenses	135,186	-	-	-	9,469
Publicity, conferences & workshops	99,350	-		-	-
Trust expenses (Note 12)	25,000	-	-	-	20,599
Sundry expenses and bank charges	63,866	2,087	2,017	640	1,879
	$ 1,448,624	$ 106,508	$ 246,597	$ 1,311	$ 80,813

14. Taxation

No income, capital or premium taxes are levied in the Cayman Islands and CCRIF SPC has been granted an exemption until May 29, 2027, for any such taxes that might be introduced. CCRIF SPC intends to conduct its affairs so as not to be liable for taxes in any other jurisdiction. Accordingly, no provision for taxation has been made in these financial statements.

15. Development costs

Core	Second Generation Loss Model	Second Generation Loss Model Upgrade	Excess Rainfall Model	Carib & CA Drought Model	Carib & CA XSR Model	Carib & CS EQ/TC SPHERA Model	Total
Cost:							
Balance carried forward at May 31, 2016	$ 180,000	$ 379,755	$ 430,000	$ 50,000	$ 50,000	$ -	$ 1,089,755
Additions during the year	-	-	-	204,000	620,000	250,000	1,074,000
Balance carried forward at May 31, 2017	$ 180,000	$ 379,755	$ 430,000	$ 254,000	$670,000	$250,000	$ 2,163,755

(Expressed in United States dollars)

15. Development costs (continued)

Accumulated amortisation:	Second Generation Loss Model	Second Generation Loss Model Upgrade	Excess Rainfall Model	Carib & CA Drought Model	Carib & CA XSR Model	Carib & CA EQ/TC SPHERA Model	Total
Balance carried forward at May 31, 2016	$ 108,000	$ 379,755	$ 141,833	$ -	$ -	$ -	$ 629,588
Amortisation charge for the year	18,000	-	65,167	23,700	61,833	-	168,700
Balance carried forward at May 31, 2017	126,000	379,755	207,000	23,700	61,833	-	798,288
Net book value at May 31, 2017	$ 54,000	$ -	$ 223,000	$ 230,300	$ 608,167	$ 250,000	$ 1,365,467

Development costs above represent fees paid to third parties for development of computer loss modeling software which is necessary for the underwriting operations of CCRIF SPC.

16. Due to / from Core and Due to / from Segregated Portfolios

During the year ended May 31, 2017, the following transactions occurred between the Segregated Portfolios:

	EQ/TC SP	XSR SP
Settlement of premium receivable in XSR SP using participation deposit in EQ/TC SP	$ (215,633)	$ 215,633
Premiums received in advance by EQ/TC SP, on behalf of XSR SP	(299,513)	299,513
Total due (to)/from Segregated Portfolios	$ (515,146)	$ 515,146

During the year ended May 31, 2017, the Board of Directors approved segregated portfolio rental fees charged by the Core to the Segregated Portfolios of $1,500,000 to EQ/TC SP, $400,000 to XSR SP and $675,000 to CA SP.

The Core funds the purchase of computer loss modelling software and related upgrades (Note 15) which are used by the Segregated Portfolios. Such costs are capitalised by the Core as development costs and are recognised as assets of the Core. The Core, through the segregated portfolio rental fee, charges the relevant Segregated Portfolio for their use of these models in the processing of claims.

17. Certain risks and financial instruments

(a) Geographical concentration of risk
The CCRIF SPC's principal activity comprises parametric catastrophe risk coverage for Participating Countries in the Caribbean and Central America regions.

(b) Fair value
With the exception of balances in respect of insurance contracts, which are specifically excluded under U.S. GAAP, the carrying amounts of all financial instruments, except for investments, approximate their fair values due to their short-term maturities, and have been determined using Level 2 inputs; aside from cash and cash equivalents which have been determined using Level 1 inputs. Investments and derivative instruments are carried at fair value as described in Notes 3, 5 and 8.

(c) Credit risk
Financial assets potentially subject to concentrations of credit risk consist of cash and cash equivalents, investments in debt instruments, accrued interest receivable and due from donor funds. The maximum amount of loss at May 31, 2017 would incur if the counterparties to the transactions do not meet their obligations, which would be the carrying amount of such assets in the balance sheet. Cash and cash equivalents and investments are placed with or held in custody by high credit quality financial institutions. Similarly, the investment policy requires that the investment managers invest in securities with a high credit quality (see Note 5). EQ/TC, XSR and CA SP have entered into parametric reinsurance arrangements with unrelated reinsurers. Parametric reinsurance ceded contracts do not relieve the EQ/TC, XSR or CA SP from their obligations under the parametric insurance contracts they have issued. EQ/TC, XSR and CA SP remain liable under its parametric insurance contracts for the portion reinsured to the extent that reinsurers do not meet their obligations to the Company assumed under the parametric reinsurance agreements. The credit risk is managed by transacting only with counterparties considered highly reputable and creditworthy and within established investment/derivative guidelines.

Amount due from donor funds are receivable from the World Bank which has a rating of Aaa from Moody's. Management is satisfied that the concentrations of credit risk will not result in a material loss to the Company.

(d) Interest rate risk
The fair value of investments in fixed interest securities will be affected by movements in interest rates. An analysis of the investment portfolios is shown in Note 5. The fair value of the futures contracts may also be affected by movements in interest rates.

(e) Market risk
Market risk exists to the extent that the values of monetary assets fluctuate as a result of changes in market prices. Changes in market prices can arise from factors specific to individual securities, their respective issuers, securities/markets to which they are linked, or factors affecting all securities traded in a particular market. Relevant factors are both volatility and liquidity of specific securities and of the markets in which the investments are held.

(f) Liquidity risk
Liquidity risk exists to the extent that investments may not be sold/ redeemed on a timely basis to settle losses. The liquidity risk is mitigated by maintaining a proportion of assets in cash and short-term investments.

(g) Foreign exchange risk
In the normal course of business, the assets and liabilities may be held in currencies other than U.S. dollars. To reduce its risk to foreign exchange fluctuations forward foreign exchange contracts may be entered to. Forward foreign currency contracts result in exposure to currency risks to the extent of any mismatch between foreign exchange forward contracts and the corresponding financial instruments denominated in foreign currencies. Foreign currency forward contracts commit to purchase or sell the designated foreign currency at a fixed rate of exchange on a future date. The fair value of the forward foreign exchange contracts will fluctuate as a result of changes in the corresponding market rate of exchange. See Note 8 for details of forward foreign exchange contracts entered into during the period.

17. Certain risks and financial instruments (continued)

(h) Futures contracts risk

In the normal course of business financial futures are held and traded and are carried at fair value. These futures contracts represent future commitments to purchase financial instruments on specific terms at specified future dates. The fair value of the futures contracts will fluctuate corresponding to the fair value of the underlying financial instruments (see Note 8). The notional value of the underlying financial instruments represents the maximum risk of loss. The Directors consider this risk to be mitigated because of the short terms of the futures contracts and the underlying financial instruments being investment grade.

(i) Swaps

The CCRIF SPC may enter into swap contracts to manage interest rate risk and hedge or obtain exposure to credit risk. The CCRIF SPC uses CDSs to provide protection against or obtain exposure to the credit default risks of sovereign or corporate issuers.

CDSs involve greater risks than if the CCRIF SPC had invested in the reference obligation directly. In addition to general market risks, CDSs are subject to liquidity risk and counterparty credit risk. The CCRIF SPC enters into CDSs with counterparties meeting certain criteria for financial strength. Where the CCRIF SPC is buying protection, the CCRIF SPC will recover none of the payments made to purchase that protection should a credit event not occur. During the year ended May 31, 2017 the CCRIF SPC did not sell credit protection. In connection with equity swap contracts, cash or securities may be posted to or received from the swap counterparty in accordance with the terms of the swap contract. The CCRIF SPC earns or pays interest on cash posted or received as collateral.

Off-balance sheet risks associated with all swap contracts involve the possibility that there may not be a liquid market for these agreements, that the counterparty to the contract may default on its obligation to perform and that there may be adverse changes in currency rates, credit status, market prices and interest rates. Notional contract amounts are presented in Note 8 to indicate the extent of the CCRIF SPC's exposure to such instruments. At May 31, 2017, the CCRIF SPC had no open swap contracts (see Note 8).

(j) Options

Transactions in options carry a high degree of risk. The following section describes the primary types of option contracts that may be held and traded and the corresponding risks.

Purchased call options represent right to purchase a stock at a set price (the "exercise price") on a future specified date (in return for a premium i.e. the price paid for the option) but create no obligation to buy the stock but rather the right to do so until the expiration date.

If the stock price at expiration is above the exercise price by more than the premium paid, the transaction will result in a gain. If the stock price at expiration is lower than the exercise price, the call option will expire worthless and the loss recorded will be the amount of the premium paid (plus any transaction costs). Compared to owning the respective stock, purchased call options leverage upside gains when a stock price increases because for the same amount of money, there is exposure to a much larger number of the securities, however, unlike owning the stock (when the entire cost of the investment is at risk), the maximum loss that can be incurred with a purchased call option is the premium paid plus transaction costs.

Purchased put options represent the right to sell a stock at a fixed exercise price on a future specified date but create no obligation to sell the stock but rather the right to do so until the expiration date. If the stock price at expiration is below the exercise price by more than the premium paid, the transaction will result in a gain. If the stock price at expiration is above the exercise price, the purchased put option will expire worthless and the loss recorded will be the amount of the premium paid (plus any transaction costs). Compared to selling short the respective stock, purchased put options leverage upside gains when a stock price decreases because for the same amount of capital invested and pledged as security, there is exposure to a much larger number of the securities, however, unlike selling a stock short (when the downside risk is

17. Certain risks and financial instruments (continued)

unlimited for the duration the security is sold short), the maximum loss that can be incurred with a purchased put option is the premium paid plus transaction costs.

Written put options represent an obligation to buy the stock at a fixed exercise price at the buyer's option. Selling (writing) options represents a significantly higher degree of risk. If the stock price at expiration is above the exercise price, the Written put option will result in a gain equal to the amount of the premium received (less any transaction costs). If the stock price at expiration is below the exercise price by more than the amount of the premium, the written put options will result in a loss, with the potential loss being up to the full value of the exercise price of the stock for the entire contract quantity. Compared to owning the respective stock, written put options limit upside gains to the premium received less transaction costs but leverage downside losses when a stock price decreases because for the same amount of capital invested and pledged as security which increases the risk of significantly larger losses.

Written call options represent the obligation to sell the stock at a fixed exercise price at the buyer's option and represent the highest possible degree of risk. If the stock price decreases, the written call options will result in a gain equal to the amount of the premium received (less any transaction costs). If the stock price increases over the exercise price, for the entire contract quantity, by more than the amount of the premium received, the written call options will result in a loss. Since a share price has no limits to how far it can rise, where a written call option is not covered (i.e. the corresponding quantity of the underlying security is not owned. The written call option is exposed to unlimited risk of loss. Compared to selling short the respective stock, written call options create exposure to leveraged downside losses when a stock price increases because for the same amount of capital invested and pledged as security which increases the risk of significantly larger losses.

(k) Custody risk

There are risks involved in dealing with a custodian who settles trades. Under certain circumstances, the securities and other assets deposited with the custodian may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the rights to assets in the case of an insolvency of any such party.

18. Subsequent events

Management has performed a subsequent events review from June 1, 2017 to October 23, 2017, being the date that the financial statements were available to be issued. Management concluded that no subsequent events occurred that require additional disclosure in these financial statements other than those listed below:

For the 2017/18 policy period, a layer of exposure is no longer being ceded to the IBRD, instead alternative reinsurance coverage has been obtained.

On August 14, 2017, the Company entered into a Multi-Donor Trust Fund grant agreement administered by the World Bank with a total available balance to XSR and CA SP of $23.75 million (Grant Number: TF0A5343) expiring on June 30, 2019 which is extendable upon negotiations between the World Bank and the donors to the Multi-Donor Trust Fund.

In September 2017, Hurricane Irma and Maria passed through the Caribbean resulting in claim payments triggered in the EQ/TC ($49.6 million) and the XSR ($5.4 million) of which $24.6 million of the EQ/TC SP claims were recovered and $Nil of the XSR claims were recovered from reinsurance.

In October 2017, an excess rainfall event triggered an estimated claim payment of $7 million in the XSR of which $4.7 million is expected to be recoverable from reinsurance.

SUPPLEMENTAL INFORMATION

CCRIF SPC

BALANCE SHEET

AT MAY 31, 2016

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
ASSETS					
Cash and cash equivalents	3,386,022	1,892,992	2,913,421	744,720	632,920
Investments, at fair value	54,679,207	42,608,698	18,400,234	4,289,493	-
Development costs	460,167	-	-	-	-
Accrued interest	376,427	403,349	177,557	33,962	-
Unrealized gains on forward contracts	20,953	73,492	19,685	6,213	-
Due from Donor Funds	-	-	-	-	260,650
Due from Core	-	13,420,008	-	-	193,640
Due from Segregated Portfolios	2,500	1,285,000	15,000	-	-
Premium Receivable	-	-	496,711	-	-
Prepaid expenses	16,031	-	-	-	-
Total assets	58,941,307	59,683,539	22,022,608	5,074,388	1,087,210
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Accounts payable and accrued expenses	223,392	92,114	23,992	6,293	4,241
Due to Core	-	-	2,500	-	-
Due to Segregated Portfolios	13,613,648	-	1,285,000	-	15,000
Participation fee deposits	-	13,232,508	-	-	1,000,000
Total liabilities	13,837,040	13,324,622	1,311,492	6,293	1,019,241
Shareholder's equity					
Share capital	1,000	-	-	-	-
Non-voting redeemable preference shares	-	1	1	1	1
Share premium	119,000	42,499,999	24,999,999	4,999,999	-
Retained earnings / (accumulated deficit)	44,984,267	3,858,917	(4,288,884)	68,095	67,968
Total shareholder's equity	45,104,267	46,358,917	20,711,116	5,068,095	67,969
Total liabilities and shareholder's equity	58,941,307	59,683,539	22,022,608	5,074,388	1,087,210

SUPPLEMENTAL INFORMATION

CCRIF SPC

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MAY 31, 2016

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Operating income					
Income from parametric insurance contracts	-	24,325,646	6,816,085	-	1,000,000
Discounts awarded on parametric insurance contracts	-	(13,294,562)	(986,343)	-	-
Expenses on parametric reinsurance contracts	-	(9,121,276)	(4,100,000)	-	(521,300)
Net income on parametric contracts	-	1,909,808	1,729,742	-	478,700
Ceding commissions on parametric reinsurance contracts	-	267,771	-	-	-
Total operating income	-	2,177,579	1,729,742	-	478,700
Operating expenses					
Claims paid on parametric insurance contracts	-	-	2,402,153	-	-
Claims recovered on parametric insurance contracts	-	-	-	-	-
Brokerage, facility supervisor and risk management specialist fees	785,265	45,564	6,250	-	-
Total operating expenses	785,265	45,564	2,408,403	-	-
Net operating income / (loss)	(785,265)	2,132,015	(678,661)	-	478,700
Other income and expenses					
Net investment income	756,723	434,195	178,979	31,254	104
Income from Donor Funds	9,239	-	-	-	581,300
Amortisation of development costs	(83,166)	-	-	-	-
Technical assistance expenses	(659,921)	-	-	-	-
Central American Initiative	227,010	-	-	-	(227,010)
Segregated portfolio rental fees	2,575,000	(1,500,000)	(400,000)	-	(675,000)
Administrative expenses	(1,336,132)	(44,568)	(235,129)	3,494	(90,126)
Net income / (loss) for the year	703,488	1,021,642	(1,134,811)	34,748	67,968

SUPPLEMENTAL INFORMATION

CCRIF SPC

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED MAY 31, 2016

(Expressed in United States dollars)

Core

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2015	$ 1,000	$ -	$ 119,000	$ 44,280,779	$ 44,400,779
Net income for the year	-	-	-	703,488	703,488
Balance at May 31, 2016	$ 1,000	$ -	$ 119,000	$ 44,984,267	$ 45,104,267

EQ/TC SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2015	$ -	$ 1	$ 42,499,999	$ 2,837,275	$ 45,337,275
Net income for the year	-	-	-	1,021,642	1,021,642
Balance at May 31, 2016	$ -	$ 1	$ 42,499,999	$ 3,858,917	$ 46,358,917

XSR SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Accumulated deficit	Total
Balance at May 31, 2015	$ -	$ 1	$ 24,999,999	$(3,154,073)	$ 21,845,927
Net loss for the year	-	-	-	(1,134,811)	(1,134,811)
Balance at May 31, 2016	$ -	$ 1	$ 24,999,999	$(4,288,884)	$ 20,711,116

LPC SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2015	$ -	$ 1	$ 4,999,999	$ 33,347	$ 5,033,347
Net income for the year	-	-	-	34,748	34,748
Balance at May 31, 2016	$ -	$ 1	$ 4,999,999	$ 68,095	$ 5,068,095

SUPPLEMENTAL INFORMATION

CCRIF SPC

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED MAY 31, 2016

(Expressed in United States dollars)

CA SP

	Share Capital	Non-voting redeemable preference shares	Share premium	Retained earnings	Total
Balance at May 31, 2015	$ -	$ -	$ -	$ -	$ -
Preference shares issued	-	1	-	-	1
Net income for the year	-	-	-	67,968	67,968
Balance at May 31, 2016	$ -	$ 1	$ -	$ 67,968	$ 67,969

SUPPLEMENTAL INFORMATION

CCRIF SPC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2016

(Expressed in United States dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Operating activities					
Net income/ (loss) for the year	703,488	1,021,642	(1,134,811)	34,748	67,968
Adjustments to reconcile net income/(loss) to net cash from operating activities:					
Adjustment for items not affecting cash:					
Change in fair value of investments	279,088	171,509	109,907	303	-
Net realized losses on investments	486,100	620,050	296,210	99,123	
Change in unrealized gain on derivatives	(225,383)	(396,587)	(159,803)	(49,135)	
Amortisation of development cost	83,166	-	-	-	-
Trading Securities:					
Purchase of securities	(19,439,929)	(17,944,798)	(6,331,115)	(1,327,492)	-
Proceeds from sale of securities	16,715,071	11,434,935	5,576,279	1,635,232	-
Changes in assets and liabilities:					
Due from Core	-	321,759	127,574	-	(193,640)
Due from Segregated portfolios	11,440	(1,285,000)	2,531,538	-	-
Accrued interest	(13,034)	17,914	19,085	15,137	-
Amounts due from Donor Funds	-	-	-	-	(260,650)
Premium receivable	-	-	(496,711)	-	-
Prepaid expenses	74,593	-	-	-	-
Accounts payable and accrued expenses	(169,727)	43,506	(44,980)	(4,647)	4,241
Income from parametric contracts received in advance	-	(1,425,000)	(106,250)	-	-
Due to Core	-	-	2,500	(13,940)	-
Due to Segregated Portfolios	(255,693)	(2,546,538)	1,285,000	-	15,000
Net cash provided by / (used in) operating activities	(1,750,820)	(9,966,608)	1,674,423	389,329	(367,081)
Investing activities					
Development costs	(155,000)	-	-	-	-
Net cash used in investing activities	(155,000)	-	-	-	-
Financing activities					
Participation fee deposits*	-	(187,500)	-	-	1,000,000
Share capital received	-	-	-	-	1
Net change in cash and cash equivalents	(1,905,820)	(10,154,108)	1,674,423	389,329	632,920
Cash and cash equivalents at the beginning of year	5,291,842	12,047,100	1,238,998	355,391	-
Cash and cash equivalents at the end of year	3,386,022	1,892,992	2,913,421	744,720	632,920
Interest and dividends received	1,675,956	1,422,510	692,909	155,069	104

*Non-cash decrease in participation fee deposits in EQ/TC SP was utilized to settle certain premium payments from parametric contracts in EQ/TC SP.

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