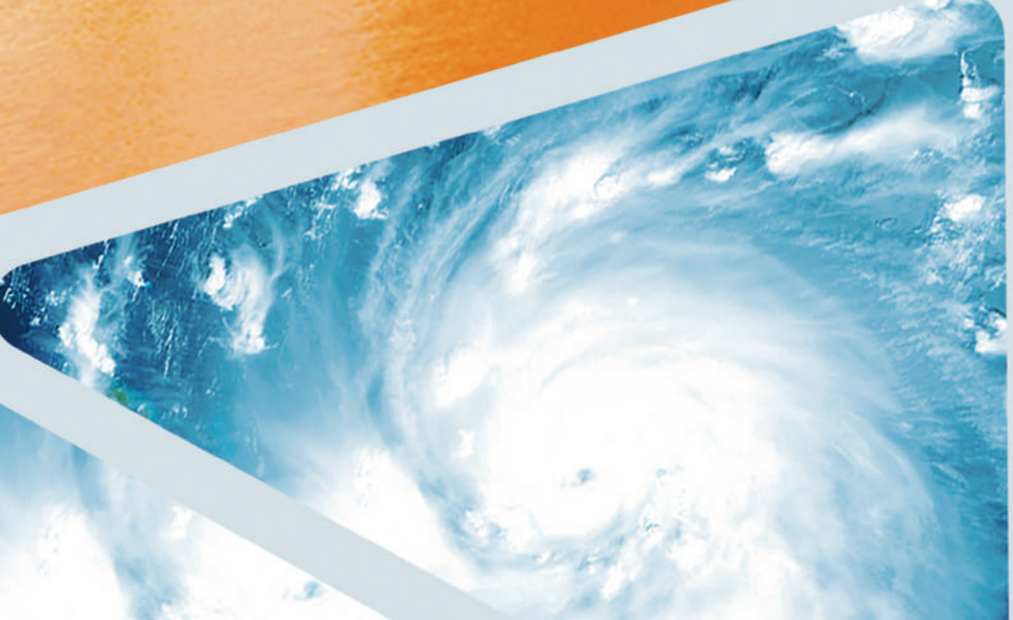
CCRIF SPC

The Caribbean Catastrophe Risk Insurance Facility

2017/18 ANNUAL REPORT



CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility

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CCRIF

FORMED 2007

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

MEMBERS

19
CARIBBEAN

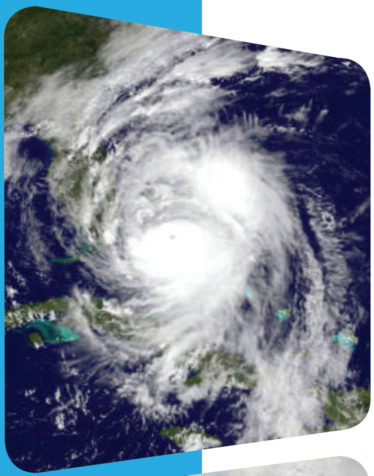
1
CENTRAL AMERICAN

38
PAYOUTS
TOTALLING ALMOST
US$139 MILLION
TO 13 MEMBER GOVERNMENTS

PRODUCTS
PARAMETRIC CATASTROPHE INSURANCE FOR

- **TROPICAL CYCLONES**
- **EARTHQUAKES**
- **EXCESS RAINFALL**

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 disaster risk insurance 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 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 Global Affairs Canada; 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. In 2017, the Caribbean Development Bank, with resources provided by Mexico, approved a grant to CCRIF SPC to provide enhanced insurance coverage to the Bank's Borrowing Member Countries that insure through CCRIF against tropical cyclone, earthquake and excess rainfall risks.

CCRIF currently has 20 members:

19 Caribbean governments – Anguilla, Antigua & Barbuda, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, Saint Lucia, Sint Maarten, St. Vincent & the Grenadines, Trinidad & Tobago and Turks & Caicos Islands

1 Central American government – Nicaragua

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

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.

STRATEGIC OBJECTIVES

2018-2021

Our mission is underpinned by 7 strategic objectives:

INNOVATIVE AND RESPONSIVE PARAMETRIC PRODUCTS	SO1	To provide products, services and tools responsive to the needs of members
RESILIENCE	SO2	To enhance capacity for disaster risk management and climate change adaptation
FINANCIAL SUSTAINABILITY	SO3	To sustain financial solvency and integrity
CORPORATE GOVERNANCE	SO4	To sustain corporate integrity
MEMBER RELATIONS AND ENGAGEMENT	SO5	To deepen our relationships with our member governments and to strengthen engagement with members
SCALING UP	SO6	To increase member coverage, expand membership and develop new products and services
STRATEGIC PARTNERSHIPS	SO7	To expand and deepen strategic partnerships

PAYOUTS
2007 - 2018

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
September
Policy: Tropical Cyclone
US$**6,303,913**

2010

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

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

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

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

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

2014

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

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

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

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

2015

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

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**

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

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

BELIZE
Tropical Cyclone Earl
August
Policy: Excess Rainfall
US$**216,073**

38 A total of **PAYOUTS**
Made to 13 Member Governments

Total payouts
US$138.8 MILLION
June 2007 - October 2018

Total for the period
June 2007 - October 2018
US$138,815,479

Total for Tropical Cyclone (14)	US$94,916,769
Total for Earthquake (4)	US$ 9,200,576
Total for Excess Rainfall (20)	US$34,698,134

All payments made within **14 days**

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**

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

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

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

2017

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**

2018

BARBADOS
Tropical Cyclone Kirk
October
Policy: Excess Rainfall
US$**5,813,299**

TRINIDAD & TOBAGO
Rainfall Event
18-20 October
Policy: Excess Rainfall
US$**2,534,550**

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CHAIRMAN'S MESSAGE

I am pleased to present my first annual report as chairman of CCRIF SPC. I assumed the chairmanship in July 2018. I seize this opportunity to thank former Chairman Milo Person for his sterling service in steering CCRIF in its first decade, 2007-2017. I also welcome Ms. Saundra Bailey, who was appointed to the Board of Directors on July 1st.

I can still recall 2004 when Hurricane Ivan devastated my home country, causing millions of dollars of losses and impacting the lives of my family, friends, colleagues and fellow Grenadians. In both Grenada and the Cayman Islands, losses were close to 200 per cent of the national annual GDP and a further seven countries were also severely impacted. Ivan can be readily viewed as a watershed event for the Caribbean Community (CARICOM) as it resulted in regional losses of US$6 billion.

Shortly after the passage of Hurricane Ivan, CARICOM Heads of Government approached the World Bank for assistance to design and implement a cost-effective risk financing programme for member governments. At that time I had the opportunity to hold the position as Advisor to the Executive Director of the World Bank for Grenada. I am proud to have played a part during that stint with resource mobilization to help CCRIF become a reality.

During the first decade of operations, CCRIF provided parametric insurance – for tropical cyclones, earthquakes and excess rainfall to 16 Caribbean governments and 1 Central American government. Recently, three other Caribbean countries have become members. Up to today, CCRIF has made payouts totalling US$139 million to 13 member governments – all made within 14 days of the event. The Facility has been able to provide insurance that is affordable to its members by aggregating disaster risks across regions and keeping that risk segregated, achieving the kind of risk diversification and spreading that its members are not able to attain on their own.

These payouts have allowed governments to reduce their budget volatility and to provide capital for emergency relief to the affected population and restoring critical infrastructure and homes, thereby reducing post-disaster resource deficits and helping to close the protection gap. These monies usually represent the first injection of liquidity to countries and is a source of quick financing for immediate assistance, repair and rehabilitation activities. By providing quick liquidity to a government when a policy is triggered, CCRIF has been able to mitigate the short-term cash flow problems small developing economies suffer after major natural disasters.

The year 2017 was another defining moment for the Caribbean after suffering the devastation caused by two category 5 hurricanes – Irma and Maria – within 14 days of each other. Damage and loss due to these storms is being estimated at approximately US$130 billion and affected 18 countries, including CCRIF member countries, their populations and social and economic infrastructure. These catastrophic events resulted in CARICOM declaring its ambition for the Caribbean to become the first climate-resilient zone in the world. In 2017, following these two hurricanes and a rainfall event in Trinidad and Tobago, CCRIF made payouts totalling US$62 million to ten member governments. Even after these payouts, CCRIF remains financially solvent with its long-term sustainability intact. CCRIF's rapid response was widely reported by Caribbean and international media and I proudly acknowledge the resulting international recognition of CCRIF's value to the region.

This annual report presents the details of our response during the 2017 Atlantic Hurricane Season and also highlights how, engendering a policy of continuous improvement, we had the foresight in providing our members with two new policy features – the Reinstatement of Sum Insured Cover and the Aggregated Deductible Cover. The latter, the ADC, was designed to provide a minimum payment for events that are objectively not sufficient to trigger a CCRIF policy, but which caused some level of damage in a member country. For the policy year, a little over US$600,000 was paid over to six member governments under this feature.

As CCRIF enters its second decade of operations, we believe that the Facility has delivered on its original mandate and fulfilled its value proposition. We also are encouraged by the views of the Facility by stakeholders – members, donors, regional and international organizations and members of the general public – that CCRIF has achieved what it was established to do; rapid payouts are a benefit to recipient countries and the region as a whole; CCRIF has been a model for the rest of the world; and CCRIF has a role in the development of the region in the long term.

However, within the context of a changing climate and enhancing the resiliency of the small island and coastal states of the region, we firmly believe that the Facility's ambition and mission must be expanded to do more for countries in the region. I am excited about this notion of scaling up and encouraged by what that may entail. We recently completed our Strategic Plan to cover the period 2018–2021 and an important highlight of that was the process employed – a process that involved high levels of stakeholder engagement underpinned by a scaling up survey, a stakeholder assessment and a stakeholder retreat. We believe our strategic plan for the upcoming term has been enriched by the strategic inputs and insights of our stakeholders and supported by their key areas of expertise.

In the next decade, we will continue to provide a range of parametric insurance products, focus on increasing coverage of members and continue to assist our member governments and their communities in understanding and reducing the socioeconomic and environmental impacts of natural catastrophes. We also will place strategic focus on bringing new products to market that cover additional sectors such as agriculture, fisheries and utilities; expanding membership to allow additional countries to benefit from the Facility and providing microinsurance products to support the vulnerable among us, thus playing our part in closing the protection gap. We know that our parametric insurance and risk transfer in general will continue to play a key role in climate change adaptation and will advance our members' own ambition of sustainable and shared prosperity.

We will not lose sight of the need to continuously improve the models that underpin our policies and will therefore keep abreast of new and emerging trends in the science of model development. Coupled with this, we will deepen our engagement with the technical teams in our member countries and expand the CCRIF Secretariat itself.

We look forward to partnering with all our stakeholders as we seek to play our part in advancing Agenda 2030 and the global ambition of "leaving no one behind".

Timothy Antoine
Chairman

CEO'S REPORT
AND PERFORMANCE REPORT CARD

My report will highlight CCRIF SPC's main accomplishments and activities during the 2017/18 policy year. The past year saw the devastating impacts of two major hurricanes and a severe rainfall event that affected many countries throughout the Caribbean, including 11 CCRIF member countries. I am heartened by CCRIF's response in being able to provide support to these governments in their time of need by making payouts to enable them to address immediate priorities. During 2017-18, CCRIF made 20 payments totalling approximately US$62 million on member countries' tropical cyclone and/or excess rainfall policies and in some cases under the new Aggregated Deductible Cover feature of their tropical cyclone polices, which was introduced this year. All payments were made within 14 days of the end of the event – a core principle of CCRIF. These events, which all occurred within a span of two months in 2017, have solidified CCRIF's commitment to improving its products and services for Caribbean and Central American countries.

For the 2017/18 policy year, CCRIF members purchased a total of 42 policies: 15 tropical cyclone (TC) policies, 13 earthquake (EQ) policies and 14 excess rainfall (XSR) policies. To encourage members to increase coverage, we provided a discount of 10 per cent of the gross premium for TC, EQ and XSR policies. The total number of policies purchased this policy year increased slightly from the previous year when 39 policies were purchased.

This year, our member governments collectively increased their total coverage. There was an increase in coverage limit in all portfolios – Caribbean Tropical Cyclone, Earthquake and Excess Rainfall as well as Central America – with the largest increase (an increase of 45%) in the Caribbean excess rainfall portfolio. This demonstrates the value that our members place on CCRIF's contribution to their disaster risk management frameworks. We look forward to exploring ways to assist each member to reach its optimal coverage level in the coming years.

To this end, CCRIF continued the development of new models to improve existing products and bring new ones to market – all in an effort to provide the best coverage options to our members. This year, CCRIF completed the development of new models for the TC, EQ and XSR policies, which use the latest technology and data. The new SPHERA model for TC and EQ policies will replace the existing MPRES model in the 2019/20 policy year. The new XSR 2.1 model is being used for the 2018/19 XSR policies. The accompanying country risk profiles that were developed based on these new models provide up-to-date information to countries about their risks to these natural hazards and the nature of their exposure and vulnerability. During this year, significant progress was made on the development of the drought model and a drought product, which also covers agricultural losses, which will be on offer in the coming months to two pilot member countries. CCRIF also made significant progress on the development of a fisheries product through the Caribbean Oceans and Aquaculture Sustainability Facility (COAST) initiative.

I am proud to say that CCRIF's financial sustainability remained intact this year – even after this record-breaking year in terms of payouts. CCRIF met its targets for probability of default (0.01%), minimum claims-paying capacity and financial strength of reinsurers and bond holders (at least an A- rating). CCRIF SPC's total capital at risk for 2017/18 comprised the retention of US$35.65 million within the risk transfer programme and a further ~US$42 million above the reinsurance programme up to the 1-in-1,000-year loss of ~US$205 million. The claims-paying capacity of CCRIF for the 2017/2018 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 it was substantially better than any of its peers in either the public or private sectors.

As part of the commemoration of CCRIF's 10th anniversary, CCRIF undertook a series of three major activities with our stakeholders to chart our way forward to 2030. These activities were designed to examine our accomplishments over the past decade and more importantly to examine the lessons learned and plan for the future, ensuring that we meet – and exceed – the needs of our members and other key stakeholders. We undertook a study to examine how CCRIF can scale up in terms of offering new products, increase coverage and expand our membership. The study involved ministries of finance and disaster managers as well as regional organizations and donors to determine how we could collectively work together to expand CCRIF's scope in the areas identified. This study was reinforced by a stakeholder assessment, which examined all aspects of CCRIF's operations, including but not limited to issues related to scaling up. This was the third such assessment conducted by CCRIF since 2011; every three years CCRIF does this assessment as a means of improving its services to members to meet their needs and towards achieving the overall mission and vision of the Facility. The third activity was CCRIF's first stakeholder retreat, in which CCRIF invited a range of stakeholders to interact face-to-face to make recommendations on how CCRIF can better serve the region in the years to come. These three activities all provided invaluable insight to inform the CCRIF Strategic Plan for 2018-2021, which was developed this year.

In 2017-18 the Facility made a big step towards scaling up through increasing membership. After discussion with Caribbean governments and international development partners such as the Caribbean Development Bank in the months after the 2017 hurricanes, we were able to secure commitment from three Caribbean countries – British Virgin Islands, Montserrat and Sint Maarten – to become CCRIF members in the following policy year. Also, certain Central American countries indicated firm interest in joining the Facility in the near future.

Indeed, CCRIF received new funding this year to support its scaling up efforts. In October 2017, the Government of Mexico and the Caribbean Development Bank approved a grant of US$14 million for CCRIF SPC. The grant was aimed at providing enhanced insurance coverage to the Bank's Borrowing Member Countries that insure through CCRIF and enabling the Facility to increase its reserves and capital, helping its long-term sustainability. The grant will contribute capital to CCRIF's Tropical Cyclone/Earthquake and Excess Rainfall segregated portfolios and support the development of new products.

CCRIF's Technical Assistance Programme continued to expand its reach. Through the CCRIF Regional Internship Programme we placed 23 interns in 15 regional and national organizations – including 4 organizations which hosted interns for the first time. In many cases, host organizations were able to complete tasks that have long been left unfinished with the availability of high quality assistance from these interns. At the same time, these young university graduates were provided with important work experience. To date, 85 internships have been implemented – with an investment of US$260,000 – since the programme was launched in 2015. Also, for 2017/18, CCRIF awarded 12 scholarships totalling US$173,500 to undergraduate and postgraduate students to pursue studies related to disaster risk management at The University of the West Indies and universities in the UK and USA. This year, CCRIF awarded two new grants under CCRIF Small Grants Programme and three existing projects were completed. Since 2015, CCRIF has provided 10 grants totalling US$210,000 under this programme. Projects have been implemented – or currently are being implemented – in Haiti, Saint Lucia, Jamaica and Trinidad and Tobago.

I am happy to announce that CCRIF entered into a partnership with a new organization, the Association of Caribbean States, when Her Excellency, Dr. June Soomer, the Secretary General and I signed a memorandum of understanding last September. This MOU will enhance and strengthen the understanding of each other's mandates amongst our core stakeholders and will facilitate the exchange of best practices in disaster risk management within the context of advancing sustainable development in the wider Caribbean region. Of course, while we welcomed this new partnership, we continued to work with our long-time partners throughout the year.

Following a year of intense interaction with our stakeholders, I am pleased to say that they believe that CCRIF remains an invaluable part of the disaster risk management landscape in the region and have committed to strengthen their engagement with the Facility to increase its support and impact in the region. It is through partnership with national governments and institutions, regional organizations and international development partners that CCRIF SPC is able to contribute meaningfully to the development of the Caribbean and Central America region and increase the region's resilience to natural hazards and climate change.

I now present CCRIF's Performance Report Card 2017-2018. The Report Card provides a synopsis of the projects, programmes and key activities undertaken over the policy year aligned to each of the six strategic objectives from our Strategic Plan 2015-2018, which provided the framework for the Facility's work for the last three years.

Isaac Anthony
Chief Executive Officer

CCRIF PERFORMANCE REPORT CARD 2017-2018

SO1: CORE BUSINESS — To provide products, services and tools responsive to the needs of members

- Issued 42 tropical cyclone (TC), earthquake (EQ), excess rainfall (XSR) policies to 16 Caribbean and Central American member countries
- Increased the total coverage limit of TC, EQ and XSR policies in Caribbean and Central America
- Provided two new policy features – the Reinstatement of Sum Insured Cover and Aggregated Deductible Cover for Caribbean TC and EQ policies
- Made 14 payouts totalling US$61.4 million to 10 member governments on TC, XSR and EQ policies; made 6 payments totalling US$608,550 to 6 member governments on the TC Aggregated Deductible Cover
- Developed the new SPHERA model for TC/EQ to replace the current MPRES model
- Upgraded the Excess Rainfall model to XSR 2.1
- Made significant progress on the development of a new drought model for agricultural drought
- Made significant progress on the development of a new model to support a fisheries parametric product
- Continued to implement Phase II of the Climate Risk Adaption and Insurance in the Caribbean project which focuses on expanding access to the microinsurance product, the Livelihood Protection Policy

SO2: RESILIENCE — To enhance capacity for disaster risk management and climate change adaptation

- With CDB, commenced implementation of the Integrated Sovereign Risk Management in the Caribbean Initiative
- Placed 23 interns in 15 regional and national organizations through the CCRIF Regional Internship Programme, with an investment of US$63,043
- Awarded 2 new grants totalling US$48,989 under the CCRIF Small Grants Programme
- Awarded 8 postgraduate and 4 undergraduate scholarships totalling US$173,500 for study at UWI and in the UK and USA
- Provided 1 professional development grant of US$5,048 to the OECS Commission

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, with a contribution by the Government of Mexico through the CDB
- Developed the new Strategic Plan 2018-2021
- Conducted a scaling up study of CCRIF
- Conducted CCRIF Stakeholder Assessment

SO4: COMMUNICATIONS — To deepen understanding and knowledge of catastrophe risk and the solutions CCRIF provides

- Conducted policy renewals discussions with member governments
- Produced over 25 publications and briefings
- Presented aspects of "the CCRIF Story" at over 25 conferences and stakeholder meetings

SO5: MEMBERSHIP — To expand membership

- Secured commitment from 3 Caribbean countries to become CCRIF members
- Engaged in policy discussions with non-member Central American countries

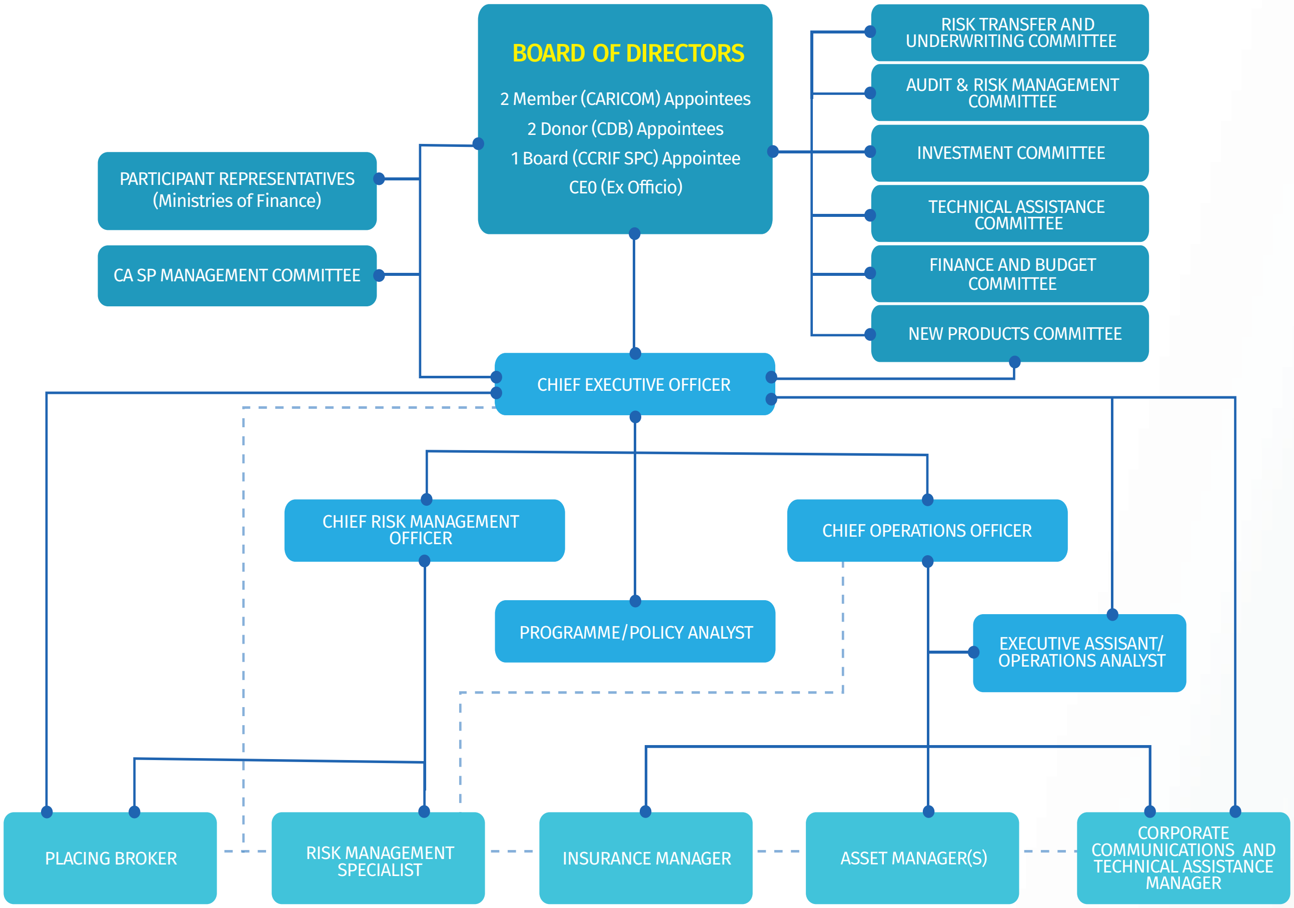
SO6: PARTNERSHIPS — To deepen strategic partnerships

- Held a stakeholder retreat with representatives of member governments, regional partner organizations and international development partners
- Signed an MOU with new partner organization, Association of Caribbean States
- With CIMH, expanded tools and professional capacity to analyze hydrometeorological events in the Caribbean
- Under the MOU with CDEMA, sponsored and participated in the 2017 Biennial Caribbean Comprehensive Disaster Management conference
- With OECS, increased capacity for proposal writing for select communities in St. Vincent and the Grenadines
- With UWI, made arrangements to institutionalize the CCRIF Training Programme, "Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy", within the University
- Signed a new MOU and developed work plan with CCCCC to complete the revision of the Regional Strategic Framework for Achieving Development Resilient to Climate Change

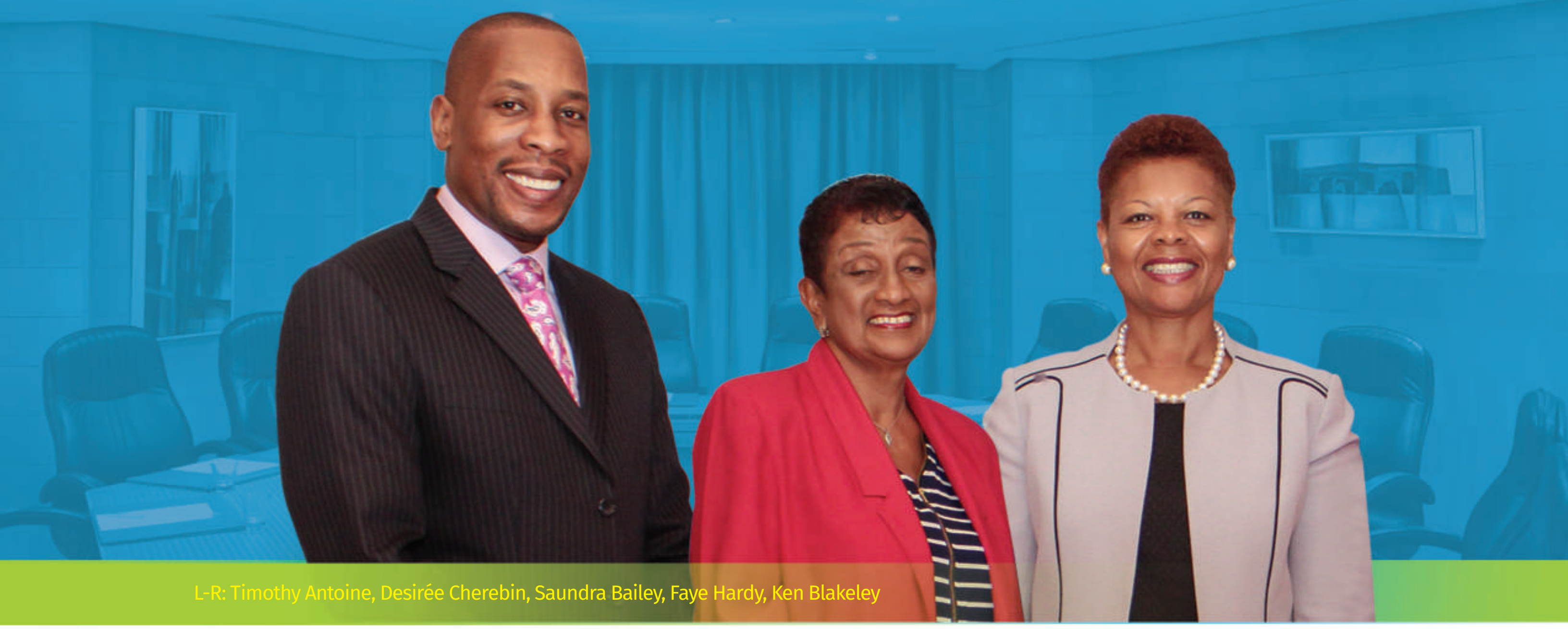
ORGANIZATIONAL OVERVIEW

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), Chief Operations Officer (COO) and Chief Risk Management Officer (CRMO).



Board of DIRECTORS



L-R: Timothy Antoine, Desirée Cherebin, Saundra Bailey, Faye Hardy, Ken Blakeley

Timothy Antoine
Chairman and CARICOM-Nominated Board Member, Representing Member Countries

Timothy Antoine was appointed CCRIF Chairman on 1 July 2018 after serving on the CCRIF Board since 2014. Mr. 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 served 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.

Desirée Cherebin
Vice Chairperson and Caribbean Development Bank-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.

Saundra Bailey
CCRIF SPC Board-Nominated Board Member

Saundra Bailey is the Chief Operating Officer at CGM Gallagher Group and has over 30 years' experience in the insurance industry with primary focus in retail, reinsurance and captives. She is an Associate of the Chartered Insurance Institute of the UK (ACII) and the Institute of Risk Management (AIRM) and holds an LLB degree from the University of London and an LLM and BSc. (Finance and Management) from the University of the West Indies. Mrs. Bailey is a Distinguished Past President of the Kiwanis Club of Eastern St. Andrew, Jamaica the President of Glenmuir High School Past Students' Association and a director of various public and private sector boards locally and internationally.

Faye Hardy

Caribbean Development Bank-Nominated Board Member, Representing Donors

Faye Hardy has over twenty years of experience in the areas of finance and accounting, and currently serves in the position of Manager, Accounting at the Caribbean Development Bank. 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). She also holds an MBA from Heriot-Watt University in Scotland. She 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.

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 long tenure in Caribbean insurance. His 40-year career in the region's insurance market began with a stint as a Resident Inspector in Trinidad & Tobago leading him to positions as a Managing Director, Agency Manager, 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 TEAM

L-R: Michael Spranger, Isaac Anthony, Gillian Golah

Isaac Anthony
Chief Executive Officer

Isaac Anthony was appointed CCRIF Chief Executive Officer on January 1, 2013. He has over twenty-five years of senior management experience spanning the areas of public finance, financial sector supervision and economic planning having held key positions with the Government of Saint Lucia including Permanent Secretary, Finance, Economic Affairs & National Development. Mr. Anthony was instrumental in the establishment of the Caribbean Public Finance Association and served as its first chairman. He has served on several Boards, including those of CCRIF (from 2007 to 2012), the Caribbean Development Bank and the Eastern Caribbean Central Bank and is the current Chairman of the National Insurance Corporation in Saint Lucia and a Commissioner of the Eastern Caribbean Securities Regulatory Commission.

Gillian Golah
Chief Operations Officer

Gillian Golah was appointed CCRIF Chief Operations Officer on 1 October 2015. Before she assumed this position, Mrs. 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 and Tobago. Previously, she served as Chief Operating Officer of Development Finance Limited after gaining substantial experience in credit operations, private equity, grant management and microfinance at the executive and board levels.

Michael Spranger
Chief Risk Management Officer

Michael Spranger was appointed CCRIF Chief Risk Management Officer on 1 July 2018. He has worked with leading reinsurance firms, a leading reinsurance broker, and catastrophe modelling firms in Asia, Latin America, and Europe. Starting his career developing earthquake catastrophe models as a geophysicist, he has gained significant experience in non-catastrophe pricing and reserving. Dr. Spranger has been actively involved in the development of national catastrophe pool solutions in Europe and Asia. He has undertaken multiple on-site damage inspection surveys in the aftermath of devastating earthquakes in Sumatra, China, Chile, Japan and New Zealand.

THE CCRIF TEAM OF SERVICE PROVIDERS

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.

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. Lisl Lewis 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. 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. 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

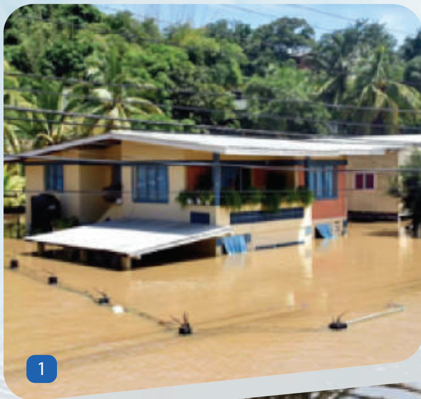
Sagicor Insurance Managers Ltd. (SIM) is a member of the Sagicor Financial Group, which is listed on the Barbados, Trinidad & Tobago and London Stock Exchanges. Formed originally as Barbados Mutual in 1840, Sagicor has become the leading indigenous financial services organization in the Caribbean, with 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 AND TECHNICAL ASSISTANCE 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, development planning and capacity building in the areas of environmental management, disaster risk management, climate change and the blue and green economy. SM manages the CCRIF Technical Assistance programme and is a leader for its development communications, strategic planning, training and IT management. Elizabeth Emanuel is Sustainability Managers' team leader for CCRIF and Gina Sanguinetti Phillips is the Programme Director.

CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility

YEAR IN REVIEW
2017-18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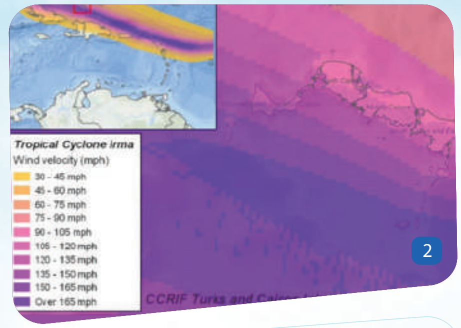

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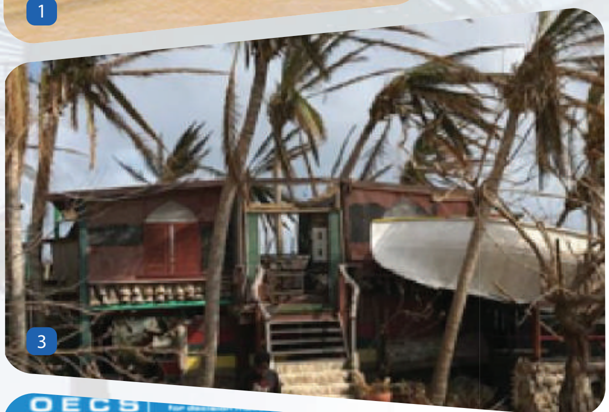
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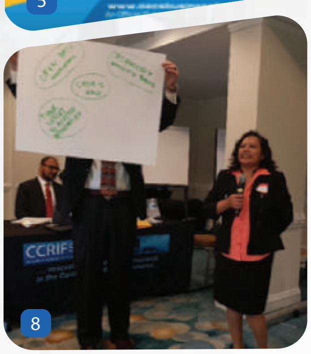
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1 Damage in Trinidad due to rains in October 2017. **2** Wind footprint over Turks and Caicos Islands from Hurricane Irma. **3** Damage after Hurricane Maria. **4** Participants at CCRIF Stakeholder Retreat in March 2018. **5** OECS Business Focus issue featuring CCRIF SPC. **6** Participants at work at CCRIF Stakeholder Retreat. **7** Participants at work at CCRIF Stakeholder Retreat. **8** Participants at work at CCRIF Stakeholder Retreat. **9** Participants at climate change training under Fondation Amour de Dieu en Action (FADA) agricultural training project in Haiti. **10** Community members clearing area for mangrove restoration under Anse-La-Raye Disaster Committee flood mitigation project in Saint Lucia.

11 Dam constructed from used tyres in FADA project in Haiti. **12** Installation of weather stations under grant to Government of Belize. **13** 2017 CCRIF Scholarship recipient Jannick Tash, from St. Vincent and the Grenadines, for MA in Disaster Management at Florida International University. **14** H.E. Dr. June Soomer, Secretary General of the ACS, and Mr. Isaac Anthony, CEO of CCRIF SPC signing MOU. **15** CCRIF intern André Reid during internship at UWI Institute for Sustainable Development. **16** CCRIF intern Adiola Walcott during internship at CARICOM Secretariat. **17** Stakeholders in Barbados discussing the revisions to the "Regional Framework for Achieving Development Resilient to Climate Change" during CCCCC consultations. **18** Participants at the CCRIF professional development session at the 2017 Caribbean Conference on Comprehensive Disaster Management hosted by CDEMA. **19** CCRIF Board member Mrs. Faye Hardy presenting a memento to Dr. Ulric Trotz acknowledging CCRIF's partnership with CCCCC. **20** CIMH employee Mr. Grahame Niles sponsored by CCRIF to participate in Synthetic Aperture Radar (SAR) training.

INNOVATIVE & RESPONSIVE PARAMETRIC PRODUCTS

INNOVATIVE AND RESPONSIVE PARAMETRIC PRODUCTS

Enhancing Financial Protection Strategies

EARTHQUAKE POLICIES

TROPICAL CYCLONE POLICIES

EXCESS RAINFALL POLICIES

Governments in the Caribbean continue to recognize the importance of including disaster risk in fiscal policy frameworks as this provides an efficient way for countries to financially protect themselves against natural disasters. By including catastrophe risk insurance such as the products that CCRIF provides – tropical cyclone, earthquake and excess rainfall parametric insurance – as part of their financial protection and disaster risk management strategies, our members are increasing their financial response capacity in the aftermath of natural hazards as a means of reducing the associated economic and fiscal burdens that arise from these events.

Policy Renewals and Enhancements

For the 2017/18 policy year, CCRIF members purchased a total of 42 policies: 15 tropical cyclone (TC) policies, 13 earthquake (EQ) policies and 14[1] excess rainfall (XSR) policies. Members benefitted from a discount of 10 per cent of the gross premium for TC, EQ and XSR policies. The total number of policies purchased this policy year increased slightly from the previous policy year when 39 policies were purchased.

CCRIF continues to focus on providing insurance that is affordable to its members by aggregating disaster risks within regions and keeping that risk segregated across regions, thereby achieving risk diversification and spreading, which members are not able to attain on their own. By pooling countries' risks into a single diversified portfolio, the Facility is able to provide insurance at the minimum price possible as pooling makes the overall risk more stable and therefore more attractive to the reinsurance market, thereby reducing the cost of reinsurance. Empirical evidence based on studies undertaken by the World Bank illustrates that insurance obtained through CCRIF could be as low as half the cost of coverage a member country could obtain on its own.

During this policy year, Caribbean members were able to benefit from two new policy features for tropical cyclone and earthquake policies. These features were made available at no cost for this introductory year as part of the commemoration of CCRIF's 10th anniversary.

[1] The Bahamas and Trinidad and Tobago have more than one excess rainfall policy, each of which covers a portion of the country. In 2017/18 The Bahamas had four sub-national policies; Trinidad had two policies – one for each island. This figure counts these countries' separate sub-national policies as one policy for the country.

These two new policy features are:

- Reinstatement of Sum Insured Cover
- Aggregated Deductible Cover

RSIC

Reinstatement of Sum Insured Cover

The RSIC is a simple addition to the main TC/EQ policy to establish a "reinstatement of cover provision" after the initial cover has been exhausted. The reinstatement cover 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.

ADC

Aggregated Deductible Cover

The ADC was designed to provide a minimum payment for TC or EQ 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 sum insured available to each country for the ADC is up to the annual net premium paid for its TC and/or EQ policies.

Policy Payouts 2017-2018

During the 2017 Atlantic Hurricane Season, the Caribbean suffered devastation caused by two category 5 hurricanes – Irma and Maria – within two weeks of each other. CCRIF made payouts of approximately US$54 million to 9 of its member governments following the devastating impacts of these two hurricanes. CCRIF also made a payout to Trinidad and Tobago of approximately US$7 million after a severe rainfall event in October 2017.

In addition to policy payouts, CCRIF made payments totalling over US$600,000 to 6 member governments – Haiti, The Bahamas, Saint Lucia, Anguilla, Antigua & Barbuda and St. Kitts & Nevis – under the ADC feature of their Tropical Cyclone policies in 2017.

While these payments may seem relatively small compared to the overwhelming cost of rebuilding, all recipient governments expressed appreciation for the rapid infusion of liquidity, which they were able to use to address immediate priorities. The experience of CCRIF shows that quick liquidity after a disaster is critical.

Total payouts made by CCRIF for the policy year 2017/18 was US$62 million – on country policies and the aggregated deductible cover feature.

CCRIF board members present payout mementos to member government representatives at a CCRIF Stakeholder Retreat – for payouts due to Hurricanes Irma and Maria and a rainfall event in October 2017

The table below provides the details for each of the 14 payouts made during the policy year as well as the 6 payments under the Aggregated Deductible Cover.

EVENT	RECIPIENT COUNTRY	POLICY	PAYOUT (US$)	ADC PAYMENT (US$)
Tropical Cyclone Irma, September 2017	St. Kitts & Nevis	Tropical Cyclone	2,294,603	
	Anguilla	Tropical Cyclone	6,529,100	
		Excess Rainfall	158,823	
	Antigua & Barbuda	Tropical Cyclone	6,794,875	
	Turks & Caicos Islands	Tropical Cyclone	13,631,865	
		Excess Rainfall	1,232,769	
	The Bahamas	Excess Rainfall	163,598	
		Tropical Cyclone		234,000
	Haiti	Tropical Cyclone		162,000
Tropical Cyclone Maria, September 2017	Dominica	Tropical Cyclone	19,294,800	
		Excess Rainfall	1,054,022	
	Saint Lucia	Excess Rainfall	671,013	
		Tropical Cyclone		123,750
	Turks & Caicos Islands	Tropical Cyclone	419,372	
	Barbados	Excess Rainfall	1,917,506	
	St. Vincent & the Grenadines	Excess Rainfall	247,257	
	Anguilla	Tropical Cyclone		29,250
	Antigua and Barbuda	Tropical Cyclone		32,400
	St. Kitts and Nevis	Tropical Cyclone		27,150
Rainfall event, 18-20 October 2017	Trinidad & Tobago	Excess Rainfall	7,007,886	
TOTAL PAYOUTS 2017/18			**61,417,489**	**608,550**
			62,026,039	

A SNAPSHOT OF THE IMPACT OF THE 2017 ATLANTIC HURRICANE SEASON ON SOME CCRIF MEMBERS

Use of Payouts

Over the years, member governments have used payouts for a variety of purposes, including immediate recovery and repair activities; providing aid to affected persons; stabilizing facilities such as water treatment plants; repairing critical infrastructure such as roads, drains and bridges; investing in risk mitigation activities to increase resilience against future natural hazards; and "keeping the wheels of government turning" by paying salaries of critical workers such as those in health care as well as first responders.

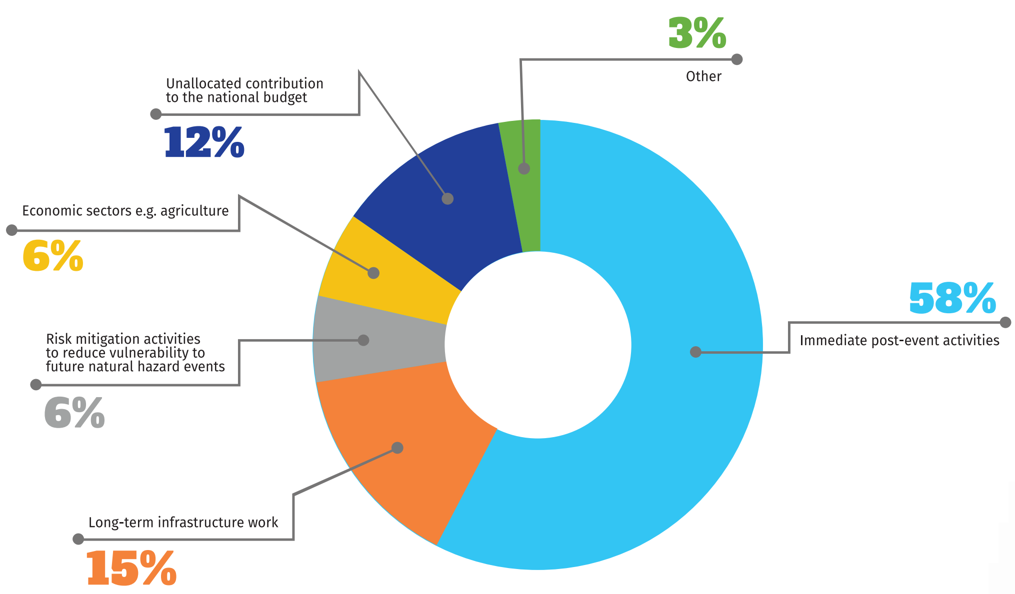
CCRIF also has undertaken assessments towards calculating the number of beneficiaries that may have been impacted by these payouts. Preliminary estimates indicate that since its first payout in 2007, approximately 2.2 million persons have directly benefitted from CCRIF due to payouts made to their governments. Some of the beneficiaries have included:

- Vulnerable families
- Vulnerable persons and persons requiring medical attention

- Communities
- Disaster management and meteorology entities
- Stakeholders in the government, business and commerce sectors – towards ensuring business continuity

The figure below shows how payouts have been used by recipient countries within six categories as follows:

- immediate post-event activities – including assistance to affected persons, repairs and recovery, activities to support the country's return to normal operations
- risk mitigation activities to reduce vulnerability to future natural hazard events
- long-term infrastructure improvement (which could be considered a risk mitigation activity)
- assistance to specific economic sectors e.g. agriculture
- unallocated contribution to the national budget (which often is used for immediate post-event activities)
- other

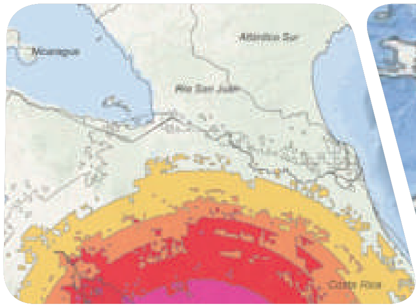
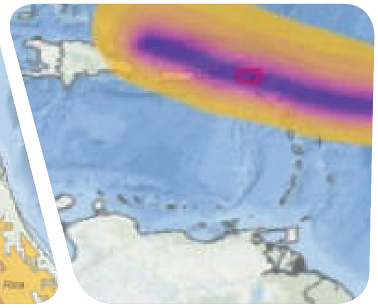
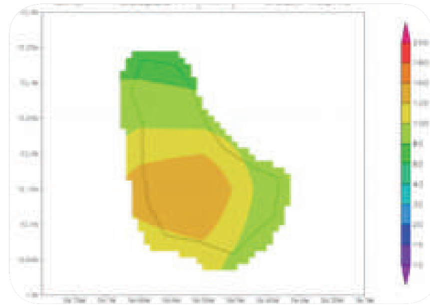


Uses of payouts by category for all countries

The figure shows that most payouts (58%) have been used partially or wholly for immediate post-event activities. The 3% of payouts that have been used for "other" purposes were used for capitalizing a special recovery fund.

The reporting on payouts is aligned not only with good governance practices but also with efforts being undertaken at the global level towards ensuring that access to climate risk insurance – either directly or indirectly – will reach the 400 million mark by 2020. This supports one of the outcomes of the G-7 meeting in 2015, which called for global action to support efforts by vulnerable developing countries to manage climate change-related disaster risk through the provision of insurance as a key element of advancing the resilience agenda.

Event Reporting

CCRIF monitors and reports on tropical cyclone (TC), earthquake (EQ) and Excess Rainfall (XSR) events in the Caribbean Basin that have the potential to affect one or more of its member countries that have the corresponding policies. CCRIF reports on all hazard events that meet the criteria specified in the CCRIF models as shown below. Note that one tropical cyclone event can generate both a tropical cyclone and an excess rainfall report if the criteria are met.

HAZARD AND MODEL USED	CRITERIA FOR CCRIF REPORTING
Tropical Cyclone Multi-Peril Risk Estimation System (MPRES) model	A tropical cyclone affecting at least one member country with winds greater than 39 mph (62.7 km/h)
Earthquake Multi-Peril Risk Estimation System (MPRES) model	An earthquake with a magnitude of greater than or equal to 5.0 that generates a peak ground acceleration of at least 0.01 g in one or more grid cells of at least one member country
Excess Rainfall XSR 2.0/2.1 model	A rainfall event, for example a tropical wave/cyclone or persistent rain, that meets the Covered Area Rainfall Event (CARE) criteria (amount of average rainfall is greater than a specified threshold over a specified accumulation period – 2 days in the Caribbean; 4 days in Central America – over at least a specified percentage of the area of a country) in at least one member country and produces a Rainfall Index Loss (RIL) greater than the country's loss threshold Or A rainfall event that meets the CARE criteria and produces an RIL below the loss threshold but a Disaster Alert is issued for that event

DISASTER ALERT

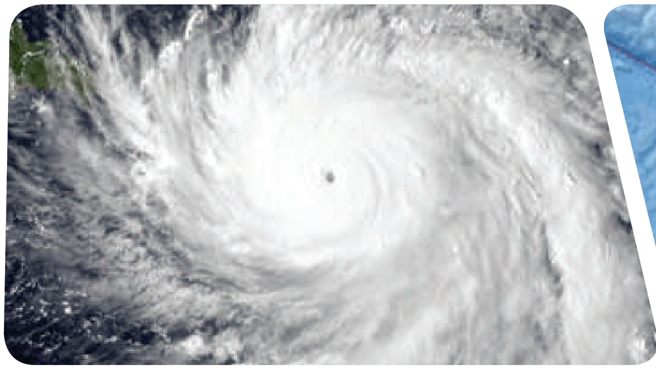
An official alert issued by ReliefWeb (http://reliefweb.int/) for severe events of different kinds that occur around the world. ReliefWeb issues alerts for more than 20 types of events ranging from epidemics to earthquakes. The types of events that are relevant to CCRIF's XSR insurance product are: tropical cyclone, flood, flash flood and severe local storm.

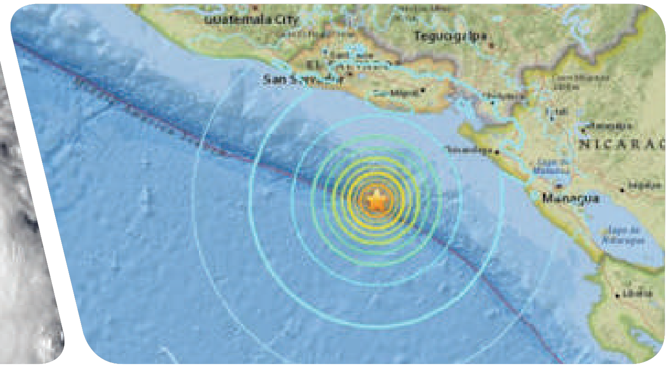
In 2017/18, CCRIF reported on a total of 21 hazard events. These events affected all CCRIF member countries except Jamaica as shown in the table below. As noted above, three events resulted in payouts under TC and/or XSR policies or ADC feature of TC policies in 11 member countries as highlighted in the table below.

DATE	EVENT	CCRIF MEMBER COUNTRIES AFFECTED
6 May 2018	5.6 earthquake	Nicaragua
24 April 2018	5.6 earthquake	Nicaragua
16 January 2018	5.9 earthquake	Nicaragua
11 January 2018	5.0 earthquake	Nicaragua
9 January 2018	7.6 earthquake	Cayman Islands
16 January 2018	5.9 earthquake	Nicaragua
11 January 2018	5.0 earthquake	Nicaragua
10 January 2018	7.6 earthquake	Cayman Islands
29-31 December 2017	Rainfall event	Trinidad & Tobago
12 November 2017	6.5 earthquake	Nicaragua
5 November 2017	5.5 earthquake	Grenada, St. Vincent & the Grenadines, Trinidad & Tobago
18-20 October 2017	**Rainfall Event**	**Trinidad & Tobago**
October 2017	Tropical Cyclone Philippe	The Bahamas
October 2017	Tropical Cyclone Nate	Nicaragua
September 2017	**Tropical Cyclone Irma**	**Anguilla, Antigua & Barbuda, Haiti St. Kitts & Nevis, The Bahamas Turks & Caicos Islands**
September 2017	**Tropical Cyclone Maria**	**Anguilla, Antigua & Barbuda, Barbados, Dominica, St. Kitts & Nevis, Saint Lucia, St. Vincent & the Grenadines, Turks & Caicos Islands**
September 2017	Tropical Cyclone Jose	Anguilla, Antigua & Barbuda
August 2017	Tropical Cyclone Harvey	Barbados, Saint Lucia, St. Vincent & the Grenadines
June 2017	Tropical Cyclone Bret	Grenada, Trinidad & Tobago
June 2017	Tropical Cyclone Don	Grenada, St. Vincent & the Grenadines
17 June 2017	5.4 earthquake	Nicaragua

Model Development

MODEL DEVELOPMENT FOR TROPICAL CYCLONE AND EARTHQUAKE

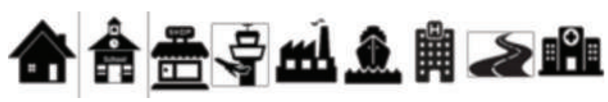




During this policy year 2017/18, CCRIF completed the development of the new SPHERA (System for Probabilistic Hazard Evaluation and Risk Assessment) risk model, which includes Tropical Cyclone (TC) and Earthquake (EQ) loss assessment models. Starting in the 2019/20 policy year, SPHERA will replace the current suite of models, i.e., the Multi-hazard Parallel Risk Evaluation System (MPRES). MPRES currently underpins the TC and EQ insurance products purchased by Caribbean and Central America countries.

The new TC and EQ models are state-of-the-art tools and employ the most up-to-date datasets and techniques. SPHERA:

- Produces ex-ante estimates of future EQ- and TC-induced losses, to be used for parametric insurance policy pricing, based on historical information
- Estimates in near real time the losses to buildings, infrastructure and crop production due to TC-induced wind and storm surge and to EQ-induced ground motion
- Computes the payout to the insured countries due to the occurrence of an EQ or TC according to the event parameters defined by well-established, reputable international agencies, such as the United States Geological Survey (USGS) and the United States National Oceanic and Atmospheric Administration (NOAA)

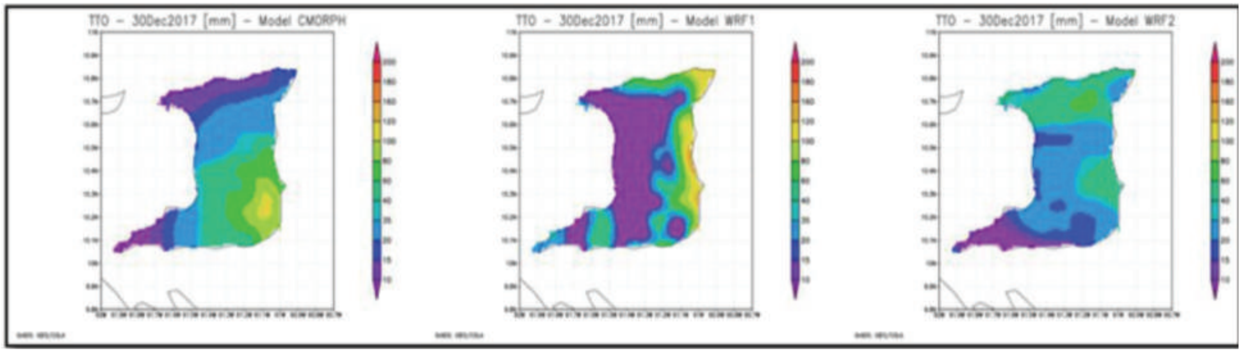


The models are based on a geo-referenced database of buildings, infrastructure and crops that provides building count, replacement cost, expected crop production and vulnerability classification of the different assets at a 1x1km granularity (100x100m along the coastline). The exposure database provides the economic value of the exposed assets disaggregated by sector (residential, commercial, industrial, hotels, education, healthcare, public, airports, ports, power facilities, road network, crops) and by building class (e.g., reinforced concrete and masonry of different height and age).

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 were used to calibrate and validate the two risk models.

The SPHERA model was completed in early 2018 and has undergone a thorough process of external peer review carried out by independent experts, who evaluated the model as robust, reliable and fit for purpose. The model also has been carefully scrutinized by the insurance brokers to ascertain the consistency of its estimates with other existing catastrophe risk assessment models for the region. TC and EQ risk profiles using the new model have been produced for all CCRIF member countries.

MODEL UPGRADE FOR EXCESS RAINFALL



At the beginning of 2018, CCRIF updated the Excess Rainfall (XSR) model to improve the ability of the model to better estimate losses due to intense rainfall events and thus reduce the basis risk of the XSR parametric product. The XSR model is based on public and internationally recognized precipitation datasets and meteorological models, which provide data from 1998. Given the intense activity of the 2017 hurricane season, the current model, XSR 2.0, was updated to include data on several important rainfall events that occurred in 2016 and 2017, such as tropical cyclones Earl, Matthew, Irma and Maria and other rainfall events not induced by tropical cyclones. For this updated model, known as XSR 2.1, the inclusion of these events within the risk analysis of the countries provided a significant improvement in the assessment of the precipitation hazard in the region and allowed more accurate policies to be designed for member countries starting in the 2018/19 policy year.

Along with the precipitation datasets used in the hazard module of the XSR model, the exposure and vulnerability modules also were updated to include the additional exposure data collected for the development of the SPHERA TC/EQ model. These data included mainly road networks and infrastructure, which improved the representation of distribution of the assets at risk in Caribbean and Central American countries. The XSR 2.1 model was used to prepare new rainfall country risk profiles for all CCRIF members.

MODEL DEVELOPMENT FOR DROUGHT

During this policy year, CCRIF made significant advancement in the development of the drought risk model for Caribbean and Central American countries. 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. Given that the growing process for crops does not necessarily follow CCRIF's policy year, the Drought policy insurance period will likely run from January 2 to January 1 the next year.

The model is designed to run on an annual basis, for CCRIF member countries 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). Thus, a payout could occur at the end of a dry year to any insured country that has had a significant loss of crop yield or at the end of a severe dry spell before the end of the year. The Drought product will be offered in 2019/20 as a pilot test to two CCRIF member countries.

MODEL DEVELOPMENT FOR FISHERIES

Since 2015, CCRIF has been engaged in the Caribbean Oceans and Aquaculture Sustainability Facility (COAST) initiative with the United States Department of State, World Bank, the Food and Agriculture Organization (FAO) 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.

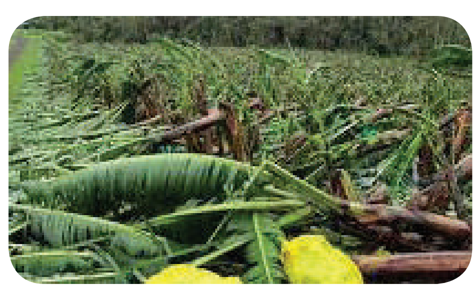
The overall development objective of COAST is to foster country-led climate smart food security and develop and implement disaster risk management plans. A parametric insurance product for the fisheries sector will be an essential tool to help address the impacts of natural hazards on food security and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

Within the COAST initiative, CCRIF is developing a specific product for covering direct losses sustained by the fisheries sector due to high wind and storm surge caused by tropical cyclones. The parametric insurance coverage provided with this product will be underpinned by a modified and enhanced version of the SPHERA model. This adapted version of the model will consider only the portion of the exposure database related to the fisheries sector, paying particular attention to landing sites, piers, warehouses, waterfront structures, boats and storage buildings. The enhanced model will be used to test the applicability of a parametric sovereign fisheries insurance policy in the Caribbean.

CCRIF is also considering the possibility of developing a microinsurance product aimed at compensating fisherfolk and fisher cooperatives for business interruption losses caused by inclement weather. This product will be based on an advanced version of the SPHERA model, which would also consider the intensity of wind and potentially waves within a certain distance from the coastline that may prevent fishing activities. It would also take into account information on best practices of storing fishing material, tying boats and other activities aimed at limiting damages.

OTHER MODEL DEVELOPMENT

Insurance for the Agriculture Sector



CCRIF continued discussions with development partners and member governments about the development of a model for agriculture. While the new drought product addresses one aspect of agricultural losses, and the existing tropical cyclone and excess rainfall products can provide coverage for the agriculture sector, governments in the region have been requesting a comprehensive product specifically for the sector (for farming activities and related processes) – one which addresses and includes different perils, such as extreme rainfall, tropical cyclone-induced extreme wind and coastal flooding, and drought. At the microinsurance level, the Livelihood Protection Policy developed under the Climate Risk Adaptation and Insurance in the Caribbean project (see below) provides insurance for the agriculture sector at the individual level – but based only on excess rainfall and wind.

Insurance for Public Utilities

Public utilities are vulnerable to the main hazards in the region: excess rainfall events and tropical cyclones as well as earthquakes. During this year, CCRIF continued engagement with stakeholders such as the Caribbean Electric Utility Services Corporation (CARILEC) and Caribbean Water and Wastewater Association (CWWA) about developing a product for those public assets, which are critical particularly in times of natural disasters. CCRIF is exploring options to provide coverage for utilities for energy (electricity, renewables etc.), water/wastewater and telecommunications.

Microinsurance – The Climate Risk Adaptation and Insurance in the Caribbean Project

Microinsurance is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.

Weather-related microinsurance refers to policies specifically designed to provide coverage for physical assets or livelihoods in the event of a weather hazard.

CCRIF began participation in Phase II of the Climate Risk Adaption and Insurance in the Caribbean project in collaboration with Munich Climate Insurance Initiative, International Labour Organization's Impact Insurance Facility, DHI Water & Environment and GK Insurance. Phase II of the project was launched in November 2017. The project is funded by the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU).

Under Phase I of the project, which spanned the period 2010-2014, a parametric microinsurance product called the Livelihood Protection Policy (LPP) was developed and made available in the three pilot countries (Jamaica, Saint Lucia and Grenada). Targeted at individuals, the LPP is designed to help protect the livelihoods of vulnerable low-income individuals such as small farmers, tourism workers, fishers, market vendors and day labourers, by providing quick cash payouts following extreme weather events (specifically, high winds and heavy rainfall). Essentially, the livelihood protection policy is designed to reduce vulnerability and sustain the livelihoods of low-income communities.

Phase II aims to expand access to the LPP within the three pilot countries and also in Belize and possibly Trinidad and Tobago. The focus is on the introduction and commercial roll-out of the products to farmers, fishers, market vendors, small entrepreneurs among others via development/microfinance institutions and other entities such as trade associations. The ambition under Phase II includes the participation of a wide range of stakeholders in the process – acting on behalf of, or purchasing products on behalf of, their constituents. These stakeholders include government entities, local authorities, cooperatives and industry associations on behalf of their members.

Phase II brings new possibilities as there is now a general and growing excitement around parametric insurance which also has been fuelled by the 2017 hurricanes Irma and Maria. Since the LPP was introduced, four rainfall events have triggered payouts of the LPP in Jamaica and Saint Lucia.

During 2017/18, the following activities were undertaken:

- Sensitization of stakeholders about the project and the LPP itself and production of a range of materials – brochures, videos, testimonials and websites to build awareness about the project
- Completion of two field missions in Jamaica and Saint Lucia towards engaging key stakeholders
- Preparation of technical papers related to how governments could participate in the project and the role of governments in utilizing microinsurance mechanisms to support poverty reduction, how group policies could be employed to enhance uptake of LPP and the main stakeholders who would be approached to purchase groups policies, including governments, civil society organizations and cooperatives
- Development of curricula to support delivery of training on microinsurance issues
- Increased focus on the MSME business sector to use the LPP for business continuity
- Hiring UN Volunteers to open new channels for increasing awareness and partnerships

Global Recognition for the Work of CCRIF

INFLUENTIAL INDIVIDUAL OF THE YEAR AWARD 2017

CCRIF CEO, Mr. Isaac Anthony received the Influential Individual of the Year Award at the Reactions 7th Latin America Re/Insurance Awards event held in Miami in May 2018. According to Reactions, the award was provided ***"in light of the work the organisation has done to provide post-disaster relief to the various islands within its pool membership that were impacted by the devastation wreaked by Hurricanes Irma and Maria"***. Reactions is a specialist global insurance news publisher and brand title owned and operated by Euromoney Institutional Investor Plc. It is an established and reputable pillar of the global insurance and reinsurance industry and provides breaking news, specialist insight and detailed analysis for re/insurance underwriters, re/insurance brokers and capital market participants in addition to firms that provide services to the re/insurance industry.

Isaac Anthony, Chief Executive Officer, CCRIF SPC, flanked by Michael Heusner – US Reporter, Reactions (L) and Christopher Munro - Managing Editor, Reactions (R) after receiving the Reactions Influential Individual of the Year Award for 2017

MEMBER RELATIONS & ENGAGEMENT

MEMBER RELATIONS AND ENGAGEMENT

The CCRIF Policy Renewal Meeting in Trinidad and Tobago included technocrats from the Ministry of Finance; Office of Disaster Preparedness and Management; Meteorological Service; Ministry of Agriculture, Land and Fisheries; Ministry of Rural Development and Local Government; Ministry of Social Development and Family Services; Ministry of Labour and Small Enterprise Development; and UWI Seismic Research Centre.

CCRIF continuously seeks out ways to strengthen relations with its members as a means of enriching their experiences with CCRIF to enhance engagement, loyalty and satisfaction as well as to enable the Facility to better understand members' needs thereby enabling us to meet and exceed their expectations. Key activities undertaken during this year in this regard included:

- Engaging with member governments to discuss their policies and policy options as part of the annual policy renewal road show
- Engaging with member governments to assist with charting the Facility's strategic direction and providing inputs into its strategic plan for 2018–2021
- Conducting a stakeholder assessment
- Launching the CCRIF Online Policy Forum
- Developing a range of communication products and tools to assist members to better understand the products and services that CCRIF provides
- Providing support to member governments for disaster risk reduction projects

Annual Policy Renewal Road Show

Each year, as part of policy renewals, CCRIF undertakes a "road show" during the months leading up to the Facility's new policy year which begins on June 1st. The purpose of the policy renewals road show is to engage with all member governments to discuss details of the CCRIF coverage they wish to purchase for the upcoming year and present updates and information related to model changes and enhancements as well as new products being developed. These country meetings enhance understanding of the full range of CCRIF's products and services and the importance of risk transfer and its relationship with financial protection and sustainability. Also, they provide an opportunity to interact one-on-one with member governments to discuss any issues they may wish to address.

From April to May 2018, a CCRIF team led by the CEO conducted 15 meetings with member governments of the Caribbean, which included representatives of ministries of finance, disaster management and meteorology agencies. Country-specific briefing documents and presentations were produced for each country.

Discussions at policy renewal meetings centred on:

- Review of hazard events and payouts from the previous year 2016/17
- New developments within the Facility: the new Excess Rainfall (XSR 2.1) model and new products being developed for drought, agriculture and fisheries as well as the Livelihood Protection Policy
- Details of coverage levels, policy options and discounts on offer for the 2018/2019 policy year
- A brief overview of CCRIF's technical assistance programme

For Central America, CCRIF met with stakeholders in member country Nicaragua as well as Panama, El Salvador and Guatemala through both teleconferences and in-person meetings. These meetings took place on the margins of the Understanding Risk Forum held in Mexico City in May 2018 and included a workshop for Government of El Salvador officials on the Excess Rainfall policy pricing tool.

Development of CCRIF Strategic Plan 2018-2021 – Member Engagement

CCRIF opted to take a new approach to the development of its new strategic plan to cover the period 2018-2021. The Facility engaged its members and key stakeholders in a range of participatory activities to assist in defining the strategic direction of the Facility over its second decade. CCRIF hosted a 1-day stakeholder retreat, which involved participation from over 45 individuals comprising member governments, international development partners and key regional organizations. The retreat utilized the Design Thinking Approach Methodology and allowed participants to review and reflect on the service provided by CCRIF over the years, to renew perspectives on the contributions of the Facility to debt and fiscal sustainability within countries and provided an opportunity to facilitate dialogue on lessons learned. Member governments also were given the opportunity to engage in open and frank discussion on CCRIF policies, premiums and products and to strategically engage in defining CCRIF's way forward to 2030 to better support disaster risk management, growth and poverty reduction in the region, consistent with Agenda 2030 Sustainable Development Goals and members' own long-term development visions and plans.

Participants at the CCRIF Stakeholder Retreat, held March 19 2018 in Miami, USA. Front row (L-R): Mr. Ronald Jackson, Executive Director CDEMA; CCRIF Board Members, Mr. Timothy Antoine and Mrs. Desirée Cherebin; CCRIF Chairman, Mr. Milo Pearson; CCRIF CEO, Mr. Isaac Anthony; H.E. Dr. Didacus Jules, Director General, OECS; Mrs. Faye Hardy, CCRIF Board Member. Other participants were from ministries of finance in CCRIF member countries, regional organizations, international development partners and the CCRIF Team.

Stakeholders indicated that CCRIF is an exemplar in its field of work and were pleased that the Facility partners with member countries to find innovative solutions to cope with improving resilience. They also reiterated the value of membership in CCRIF and supported and welcomed the call for the scaling up of the Facility. Ideas and strategies emerging from participants included:

- Broadening CCRIF's research and development capacity
- Determining how best the Facility could provide in-country support for strengthening national comprehensive disaster risk management strategies
- Utilizing the CCRIF models and the modelling work undertaken by the Facility to enhance country decision-making processes around disaster risk reduction

Participants also were encouraged that CCRIF, in collaboration with the Munich Climate Insurance Initiative, will be focusing on increasing the number of low-income persons in the region who have access to climate risk insurance through the Livelihood Protection Policy and increasing the number of companies in the region offering this microinsurance to the most vulnerable in our societies.

The robust and candid discussions underpinning the retreat provided key inputs into the strategic plan that was consequently developed and also played a role in further increasing appreciation for and awareness of the value of CCRIF SPC among members.

CCRIF'S STRATEGIC PLAN 2018-2021

...presents strategic views of our community and we are proud that in the next three years 2018-2021 we will be implementing strategies and actions that are based on our member and stakeholder participation and broad consensus.

Some participants at the CCRIF Stakeholder Retreat, held March 2018 in Miami, USA.

CCRIF Stakeholder Assessment

In early 2018, CCRIF undertook a stakeholder assessment to obtain feedback on its operations and potential for scaling up. This was the third stakeholder assessment undertaken by the Facility. Every three years CCRIF does this assessment as a means of improving its services to members to meet their needs and towards achieving the overall mission and vision of the Facility. Like the CCRIF Stakeholder Retreat, the assessment played a key role in the formulation of the Facility's strategic plan for 2018-2021 by helping the Facility to define and map out its new strategic direction as well as to make sound decisions on allocating its resources based on members' analysis of its performance, their expectations and their perceptions.

Our members – specifically the Ministry of Finance officials and disaster management offices indicated that:

- CCRIF insurance was beneficial to their country
- CCRIF insurance was an important part of a country's overall risk management strategy
- They would welcome CCRIF playing a role in strengthening the risk architecture of the region and risk management at the regional and national level

The overall and general perceptions of all stakeholders on CCRIF SPC are presented in the table below.

PARTICIPATING ORGANIZATIONS

Local Partners
Ministries of Finance, Disaster Management Agencies and Meteorological Services from CCRIF member countries

Regional Partners
Association of Caribbean States (ACS)
Caribbean Community (CARICOM)
Caribbean Community Centre for Climate Change (CCCCC)
Caribbean Disaster and Emergency Management Agency (CDEMA)
Caribbean Institute for Meteorology and Hydrology (CIMH)
Council of Ministers of Finance of Central America, Panama and the Dominican Republic (COSEFIN)
Organisation of Eastern Caribbean States (OECS)
University of the West Indies (UWI)

International Development Partners
Caribbean Development Bank
European Union
Federal Ministry for Economic Cooperation and Development, Germany
Government of Canada
Inter-American Development Bank
UK Department for International Development
United Nations Development Programme
World Bank

Participants also included beneficiaries of CCRIF's Technical Assistance Programme

Overall Stakeholder Perceptions

Questions Posed to Stakeholders	Average (out of 10)	Comments from some countries
How successful do you think CCRIF has been?	8	• It is quite a successful model and has achieved what it was established to do – definitely has a role in the region in the long term • Sticks within the timeframe of 14 days to receive payouts • CCRIF sometimes does not capture smaller events for payouts • There is a misunderstanding among some persons about what CCRIF was designed to do, leading to a negative perception of its success
How well is CCRIF working for the region?	8	• Pleased to see countries receiving payouts • Technical assistance programme also adding significant value to the region • XSR product should have been available from CCRIF's inception • Perception that the models are based on the small countries of the Caribbean and therefore are not appropriate for larger countries (e.g. Belize)
How innovative do you believe that CCRIF is or has been over the past decade?	8	• Continues to develop new products • Has not been innovative since its inception as it is doing what it was set out to do

Overall Stakeholder Perceptions		
Questions Posed to Stakeholders	**Average (out of 10)**	**Comments from some countries**
My understanding of CCRIF and the products and services it provides	8	• There is need for sensitization at the ministerial levels and in Parliaments on CCRIF • Training of officials by CCRIF on parametric insurance and its products and models has contributed to increased understanding

Our stakeholders say... We are...

- *Beneficial to the region.*
- *An important part of the DRM strategy of countries.*
- *A successful model.*
- *Increasing knowledge about insurance and country risks.*
- *Not designed to cover all the losses on the ground.*
- *A critical part of the social safety net of the country.*
- *Helping to increase attention paid to disaster risk reduction, highlighting that pre-impact investment save millions.*
- *Continuing to develop new products.*
- *Giving back to the region-the Technical Assistance Programme and RTFS are very useful.*

CCRIF Online Policy Forum

During the policy year, CCRIF launched its Online Policy Forum to bring together key contacts from member countries – Finance/Permanent Secretaries in the Ministry of Finance and officials in national disaster offices and meteorological offices as well as key regional organizations.

The online forum is intended to be used to discuss key topics related to risk financing among others and provide updates on CCRIF. It provides a unique space for officials to engage in open and frank discussion and provides an opportunity to develop solutions to address common challenges in building a climate resilient Caribbean.

The first meeting of the online forum took place in April 2018. CCRIF presented an update on model development and the 2018 Policy Renewal Exercise and discussed the scaling up of CCRIF with Financial/Permanent Secretaries from the region.

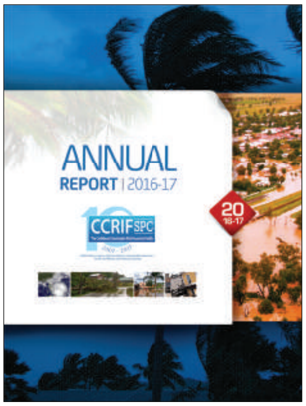
Communications – A Key Tool for Member Engagement and for Sharing the CCRIF Story

A key component of engaging members and stakeholders is communication. CCRIF engages in a range of developmental communications as a means of strengthening the Facility's relationship with its members and key stakeholders and to support better understanding of its products and services. Members of the Facility interact with member governments and other stakeholders through face-to-face and teleconference meetings and workshops, participation in regional and international conferences and email communication.

CCRIF interacts with members of the press throughout the Caribbean and also with international media, including those that focus on insurance and finance. In keeping with modern communication practices, CCRIF utilizes social media channels (Twitter, Facebook, YouTube and Instagram) 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 includes communication in Spanish, for example through Spanish versions of all new publications and press releases and facilitating multi-language access on the CCRIF website.

PUBLICATIONS AND MEDIA



CCRIF regularly develops and disseminates materials to its members as well as other 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, social protection, climate change adaptation and sustainable development.

During the 2017/18 policy year, CCRIF produced 32 publications including:

- CCRIF Annual Report 2016-2017 (English and Spanish)
- Brochure "CCRIF SPC Celebrating 10 Years of Innovation"
- 16 country briefings for policy renewal meetings (available only to specific country)
- Brief on CCRIF's Support to the University of the West Indies 2010-2017
- Report – The Case for Scaling Up CCRIF SPC
- Brief on Technical Assistance to Haiti
- Stakeholder Assessment of CCRIF 2018

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. CCRIF prepared and released 8 press releases during the 2017/18 policy year, whilst approximately 380 independently written articles about CCRIF appeared in the regional and international press. There was considerable discussion in the media especially in regard to Hurricanes Irma and Maria, the consequent recovery and rebuilding in the devastated countries and the role of catastrophe insurance in general and CCRIF SPC in particular.

At the end of the hurricane season, CCRIF, the Caribbean Disaster and Emergency Management Agency (CDEMA) and Caribbean Development Bank (CDB) hosted a press conference in Barbados titled "Reflections, Recovery, Rebuilding and Resilience", which reflected on 2017, the devastation caused across the Caribbean by the two major hurricanes, and importantly, how each of the three agencies could better work together to advance a more resilient region. At the event, Daniel Best, Director of Projects at CDB commented, "We believe that there is opportunity in partnership to leverage our individual strengths to achieve even greater and more robust development impacts. And building the Region's resilience to climate change should be the centerpiece of this coordinated response."

L-R: Isaac Anthony, CEO, CCRIF SPC; Ronald Jackson, Executive Director, CDEMA and Daniel Best, Director of Projects, CDB.

NOTABLE DISCUSSIONS RELATED TO CCRIF IN THE PRESS

Innovative but dull: disaster insurance is starting to pay off

Hurricanes and earthquakes have caused havoc across the Caribbean and Mexico. Lives, livelihoods, roads, buildings, and infrastructure will need repair. But in the wake of these disasters, there is some surprisingly good news: Millions of dollars of relief finance are already being paid without fuss, social media campaigns, or photo-ops. What is this remarkable "innovation"? The answer is dull: it's insurance. This year, this hurricane season, we are beginning to see the benefits of pre-arranged disaster response financing.

In the Caribbean, the CCRIF, the Caribbean Catastrophe Risk Insurance Facility, set up 10 years ago as a risk pool with 17 member countries, has already announced it will pay out, within a fortnight, $15.6 million to the governments of Antigua and Barbuda, Anguilla and St Kitts and Nevis – providing resources to get public services and infrastructure functioning again.

Stefan Dercon, Chief Economist DFID, *IRIN network*

Risk talk a must

The issue of insurance for major catastrophes such as hurricanes and earthquakes in the Caribbean must be a priority on the agenda of the next meeting of CARICOM heads.

CARICOM chairman Dr. Keith Mitchell said the question of providing for adequate levels of insurance to cover this kind of devastation must be addressed at the level of the CARICOM leadership, in light of the destruction caused in several Caribbean islands by Hurricane Irma last week.

Nation News, *September 19 2017*

Insights from Tracking Promises: Guatemala

"The new report Tracking Promises: Analyzing the Impact of Feed the Future in Guatemala by the Global Food Security Project at the Center for Strategic and International Studies calls on the Guatemalan government to increase funding for health and social safety net programs, to establish a permanent agricultural extension program, to invest in agricultural research and development, and to join the Caribbean Catastrophe Risk Insurance Facility."

FoodTank website

PM Chastanet Talks Resiliency at COP23

Prime Minister Allen Chastanet was part of a panel at UN Climate Change Conference (COP23) titled Towards a Resilient Future: Frontiers of Risk Sharing. Chastanet spoke on the usefulness of the Caribbean Catastrophe Risk Insurance Facility (CCRIF) noting that while it is important it address only the symptom not the cause of the issue. Chastanet also said that daunting issues facing Small Island Developing States (SIDS) are not being addressed adequately on a global level. He called for strategic policy changes such as the IMF reclassifying debt facing SIDS so that they are able to stay within macroeconomic guidelines.

The Loop, Saint Lucia, *November 15 2017*

CARICOM seeking to step-up implementation of building codes

Recognising that implementing building codes is still a significant challenge to the region's efforts to build resilience, CARICOM heads of government have asked the Caribbean Disaster Emergency Management Agency (CDEMA) to provide recommendations to expedite implementation of the codes.

Heads of government have therefore recognised that natural disasters and climate change pose serious challenges to CARICOM's sustainable development and have mandated CDEMA to pursue "a comprehensive assessment of the resource requirements to operationalise an effective disaster risk management and mitigation strategy for the community." They highlighted the need for "innovative financing mechanisms" to finance resilient reconstruction, and discussed the recapitalisation for CCRIF, noting the proposal to extend the range of risk covered by the Facility.

St. Kitts and Nevis Observer, *March 7 2018*

Parametric insurance policy launched for coral reefs

An effort to promote conservation in coastal areas in Mexico has culminated in a new parametric insurance policy designed to cover hurricane-related damage to coral reefs. The Coastal Zone Management Trust will cover a portion of the Mesoamerican Reef along Mexico's Yucatan Peninsula, according to a statement issued by The Nature Conservancy and the State Government of Quintana Roo, Mexico, on Thursday.

The parametric insurance policy was chosen as the solution for its ability to quickly provide the necessary proceeds for restoration activity, said Martyn Parker, chairman of global partnerships at Swiss Re in London. For example, the CCRIF SPC paid Dominica $19.3 million under its tropical cyclone policy within 14 days of the devastation wreaked by Hurricane Maria on Sept. 19.

Business Insider, *March 9 2018*

Insurance as a farming tool

Insurance is not one of the tools that the Jamaican farmer has. This is unlike counterparts in other developing countries and most in the developed world...

How will the livelihood of thousands of small farmers who depend on agriculture be affected? Is it beyond the capacity of our private risk takers to find appropriate solutions - like they did with the Caribbean Catastrophe Risk Insurance Facility many years ago? The development of a local agricultural risk-transfer capacity would be in harmony with Prime Minister Andrew Holness' recent statement that "it was better to invest in climate resilience than to seek to give ... aid after the damage is done".

Jamaica Gleaner, *April 8 2018*

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 and allow stakeholders to contact CCRIF with queries and requests for more information about issues of importance to them.

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

FEATURED PUBLICATION

OECS Business Focus Magazine

The January-March 2018 issue of OECS Business Focus magazine included a special feature on CCRIF. This issue focused on rebuilding and sustainable development in the region in the aftermath of the devastating 2017 hurricanes and the COP 23 conference on climate change – and paid tribute to the "leadership and guidance [provided by CCRIF] with positive tangible impact across the region" – especially as the Facility celebrated its 10th anniversary.

The lead article, "10 Years of Providing Catastrophe Risk Insurance in the Caribbean – the Case of CCRIF SPC" highlighted the Facility's role in disaster risk management (DRM) and climate change adaptation in the region and how CCRIF has shown the linkages among country DRM strategies, risk transfer, poverty reduction and economic growth in support of the UN 2030 goals for sustainable development and the importance of leaving no one behind in development. The special feature also showcased CCRIF's technical assistance programme, which is aimed at increasing capacity among institutions and individuals to ultimately impre resilience to natural hazards and climate change in the region. The OECS Business Focus is a quarterly magazine produced by the Organisation of Eastern Caribbean States that targets decision makers in the public and private sectors.

CONFERENCES, WORKSHOPS – REGIONAL AND INTERNATIONAL

There continues to be a growing demand for members of the CCRIF team to deliver presentations and participate at regional and international conferences, workshops and meetings. During the policy year, the team participated in 26 conferences and workshops to share "the CCRIF Story" and also to enhance understanding on the linkages among risk transfer, debt and fiscal sustainability, social protection. These events included:

- CARICOM-UN High Level Pledging Conference "Building A More Resilient Community"
- 29th Inter-Sessional Meeting of the Conference of Heads of Government of the Caribbean Community
- UN Economic and Social Development Forum on Financing for Development
- World Food Programme Shock Responsive Social Protection Regional Conference or Latin America and the Caribbean
- 7th Annual Latin American Insurance and Reinsurance Forum
- Paris Forum on Financial Resilience and Debt Management
- Sir Arthur Lewis Community College Memorial Lecture
- World Bank, IMF Disaster Risk Financing Seminar

The Integrated Sovereign Risk Management Project

During the policy year, CCRIF allocated US$63,000 to Phase 1 of the Integrated Sovereign Risk Management project, a joint initiative of CCRIF and the Caribbean Development Bank (CDB). The project includes the preparation of situation, comparative and gap analyses, preparation of a draft standardized integrated risk management framework and development of terms of reference for country risk coordinators. The results of the analyses will inform a regional conference and workshop. CDB is expected to contribute an equal amount of resources to this initiative.

The project will enable the development of a standardized integrated risk management framework for use by all Caribbean countries and will advance the institutionalization of country risk coordinators within countries who would act as a central point of contact for the purposes of managing a comprehensive multi-area risk portfolio.

ECONOMIC RISKS

- Food price volatility
- Oil and gas spikes
- Fiscal constraints
- Global fiscal crises
- Underinvestment in infrastructure

GEOPOLITICAL RISKS

- International terrorism
- Transnational crime and corruption
- Global governance gaps
- Conflicts between countries

ENVIRONMENTAL RISKS

- Natural hazards
- Climate change impacts
- Drought, land degradation and desertification
- Biodiversity loss
- Loss of freshwater
- Air pollution
- Water pollution (marine and freshwater)

SOCIETAL RISKS

- Pandemics
- Infectious diseases (e.g. Ebola, H1N1)
- Chronic diseases (e.g. diseases of the circulatory system, cancers)
- Migration
- Aging populations

TECHNOLOGICAL RISKS

- Data fraud/loss
- Emergence of nanotechnology risks

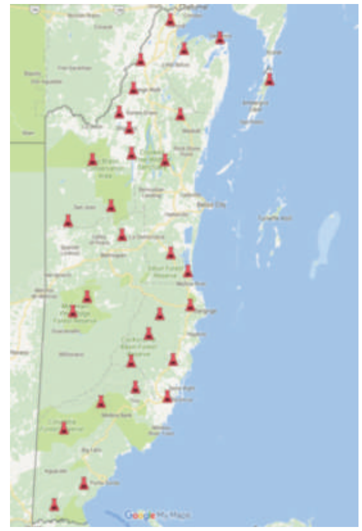
This project will allow for countries to take a more proactive approach towards country risk management, moving beyond planning for disaster risks such as climate change and other extreme events and recognizing the intrinsic linkages between disaster risk and other types of risk such as economic, technological and financial risks and the impacts of these on socioeconomic development as well as current attempts to transition to a green, blue and circular economy.

The CCRIF Real-Time Forecasting System

During the 2017 Atlantic Hurricane Season, CCRIF provided access to its Real-Time Forecasting System (RTFS) to 404 users, 42 more than the previous year. Most users are from member governments and work with the disaster management or meteorological offices. Regional organizations such as the Caribbean Institute of Meteorology and Hydrology (CIMH) and the Caribbean Disaster and Emergency Management Agency (CDEMA) also are provided with access as well as some NGOs and civil society groups that 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). It 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 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 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.

Support to Member Governments to Implement DRR Projects



The CCRIF Board often provides special assistance for post-event recovery and rehabilitation efforts or targeted technical assistance and support to CCRIF member governments, following the occurrence of natural hazard events that have affected these countries. After the events, CCRIF engages in discussion with national government officials and other key stakeholders to determine the most appropriate project(s) with a view to supporting immediate recovery efforts, building capacity and improving disaster and climate change resilience at the national and community levels. During this policy year, there was one active grant to a member government - Belize.

ASSISTANCE TO THE GOVERNMENT OF BELIZE – STRENGTHENING THE COUNTRY'S RAINFALL DATA COLLECTION

In January 2017, CCRIF provided a US$100,000 grant to the Government of Belize to purchase 40-50 automatic weather stations that would provide the Meteorological Service with access to real-time rainfall data. Installation of this network of stations proceeded during this year and is expected to be completed in late 2018. These instruments will improve the Government's ability to monitor, record and forecast rainfall within Belize and better prepare the country for hydrometeorological events.

As an additional benefit, this project is enabling the collection of additional data and facilitating further research in the country. The Meteorological Service is partnering with SIRDI (the Sugar Industry Research and Development Institute) which purchased additional sensors for 10 weather stations in Corozal and Orange Walk to measure wind speed and direction, air temperature and relative humidity, soil moisture and temperature.

Since 2010, CCRIF has provided assistance to four member governments totalling almost US$500,000.

Year	Country	Project	Beneficiary/ Implementing Agency	Value of Assistance (USD)
2010	Belize	Capacity Development for Government of Belize	National Meteorological Service	94,480
2012	Jamaica	Rehabilitation of the residential Muirton Boys Home damaged by Hurricane Sandy	Child Development Agency	100,000
2012	The Bahamas	Construction of a new sea wall at Sandyport Beach after Hurricane Sandy	Ministry of Works and Urban Development	85,000
2016	Dominica	Rehabilitation of airport damaged by Tropical Storm Erika – lighting and fencing	Ministry of Finance	100,000
2017	Belize	Purchase of Automatic Weather Stations	National Meteorological Service	100,000
Total				**479,480**

ADVANCING THE RESILIENCE AGENDA

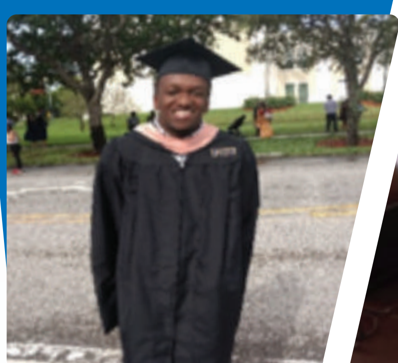
THE CCRIF CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK AND STRENGTHENING PARTNERSHIPS

CCRIF plays a key role in enhancing capacity for disaster risk management and climate change adaptation among its members, towards reducing vulnerabilities and building resilience. CCRIF support its members and the wider region in the development and implementation of strategies for disaster risk management and adaptation to climate change though its technical assistance programme and in strengthening partnerships with regional organizations. Although CCRIF's mandate is to provide catastrophe insurance to its members, the Facility views comprehensive disaster management (CDM) as an integral component of regional development and shares with members their desire to achieve sustainable economic growth, ensure environmental sustainability, promote fiscal responsibility and eliminate poverty.

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.

COMPONENT 1



Scholarship/Professional Development Programme

COMPONENT 2

Regional Knowledge Building

COMPONENT 3

Support for Local Disaster Risk Reduction Initiatives

The Technical Assistance Programme provides five key opportunities to advance the resilience agenda.

OPPORTUNITIES

- Scholarships
- Internships
- Support for DRR Projects
- Support to Communities for DRR
- Training in Risk Financing

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 5 postgraduate and 4 undergraduate scholarships totalling US$75,500 to students at the University of the West Indies for the 2017/18 academic year. Undergraduate scholarships are provided to students in their second year and will continue in their third (final) year if they maintain the requisite standards.

Also during this year, CCRIF awarded three postgraduate scholarships totaling US$98,000 under the **CCRIF Scholarship Programme** to:

- Jannick Tash from St. Vincent and the Grenadines for an MA in Disaster Management at Florida International University (US$40,000)
- Renata Philomene McKie from Saint Lucia for an MSc in Risk, Crisis and Disaster Management at the University of Leicester (US$18,000)
- Cory George from Trinidad and Tobago for an MSc in Earthquake Engineering with Disaster Management at University College London (US$40,000)

Since 2010, CCRIF has awarded 68 scholarships totalling almost US$1 million to Caribbean nationals to pursue studies in areas related to disaster risk management at the University of the West Indies and universities in the UK and USA.

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

Scholarships Awarded 2010-2018	Number of Scholarships	Value of Scholarships (US$)
CCRIF Scholarship Programme – for study in the UK and USA	16	545,561
CCRIF-UWI Scholarship Programme – Postgraduate	23	233,250
CCRIF-UWI Scholarship Programme – Undergraduate	29	212,000
TOTAL	**68**	**990,811**

CCRIF's Regional Internship Programme provides 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.

Since 2015, CCRIF has placed 85 recent university graduates in internships at 27 national and regional organizations, with a total investment of approximately US$260,000.

In 2017, CCRIF placed 23 interns from 6 Caribbean countries at 15 national and regional organizations, with an investment of US$63,043.

SOME COMMENTS FROM 2017 HOST ORGANIZATIONS

The intern reviewed and updated existing guidelines for the operation of the Barbados Department of Emergency Management's volunteer arm, the District Emergency Organizations. After 17 years, the Department is now in possession of much needed updated guidelines for the effective functioning of the District Emergency Organizations.

Barbados Department of Emergency Management

I strongly believe that the CCRIF internship is an excellent way of getting participants and host countries to learn more and share ideas. Our intern shared with us stories about his previous placement in Montserrat. Given that Montserrat has other hazards that aren't faced by us here in Cayman, it was thought provoking and helpful to hear how other Overseas Territories deal with the hazards they face. It encouraged us to see a wider perspective.

Hazard Management Cayman Islands

The work of the interns has now placed the organization in a position to develop a realistic cost recovery mechanism to recover cost from the aviation sector and develop a policy position on the benefits and value that are transferable to the agriculture sector – both of which the organization can use for improving service delivery.

Trinidad and Tobago Meteorology Services

In light of the recent hurricanes that have caused catastrophic loss of lives and property in the Caribbean, the formation of the Model Disaster Management Plan for the Fisheries and Aquaculture Sector in CRFM Member States [developed by the intern] will serve as a framework that will advise regional partners of measures to be taken in order to be better prepared and prevent and minimize loss, damage, destruction and death arising from hazards such as severe hydrometeorological events, tsunamis and oil spills.

Thus, the Model Fisheries Disaster and Risk Management Plan will enhance the Caribbean's ability to manage all disasters at a regional and national level, with special emphasis on the fisheries and aquaculture sector.

It is also anticipated that the plan should encourage CRFM Member States to become more proactive in gaining access to parametric insurance products offered by CCRIF.

Caribbean Regional Fisheries Mechanism

CCRIF also provides support for ongoing professional development of persons in key regional organizations to attend conferences and workshops. CCRIF provided a grant of US$5,048 to facilitate the participation of Ms. Josette Edward-Charlemagne in the Professional Certificate in Disaster Risk Reduction course offered by the International Centre for Parliamentary Studies (ICPS) held in the UK in November 2017. Ms. Edward-Charlemagne is a Programme Officer at the OECS Commission and works closely with CCRIF on implementing the CCRIF-OECS work plan. Upon successful completion of written tasks following the workshop, Ms. Edward-Charlemagne would be awarded a Level 7 CMI certificate in Management and Leadership. The CMI (Chartered Management Institute) is a chartered professional body dedicated to promoting the highest standards in management and leadership excellence.

Josette Edward-Charlemagne, first row left, attended the ICPS Professional Certificate in Disaster Risk Reduction course in November 2017.

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 and collaborative programmes to improve disaster risk management, increase climate resilience and reduce vulnerabilities in the Caribbean. This year, CCRIF signed an MOU with a new partner organization, the Association of Caribbean States.

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

ASSOCIATION OF CARIBBEAN STATES (ACS)

CCRIF and the Association of Caribbean States (ACS) signed a memorandum of understanding on September 4, 2017 at the 25th meeting of the Special Committee for Disaster Risk Reduction in Port of Spain, Trinidad and Tobago.

The ACS is a product of the desire of the 32 Contracting States, Countries and Territories of the Greater Caribbean to enhance cooperation within the region, an initiative aimed at building upon obvious geographic proximity and well documented historical linkage. The objectives of the ACS are based on strengthening regional cooperation and integration to achieve an enhanced economic space, preserving the environmental integrity of the Caribbean Sea which is regarded as the common patrimony of the peoples of the region, and promoting the sustainable development of the Greater Caribbean.

H.E. Dr. June Soomer, Secretary General of the ACS, and Mr. Isaac Anthony, CEO of CCRIF SPC sign the MOU.

At the signing of the MOU, Secretary General of the ACS, Her Excellency Dr. June Soomer stressed that ***"the Association must strive to produce impactful work within the area of disaster risk management so as to remain relevant to its Member States and beneficiaries".***

The membership of the ACS and CCRIF overlap, with 13 member countries in common. This MOU will enhance and strengthen the understanding of each other's mandates amongst each entity's core stakeholders and facilitate the exchange of experiences, lessons learned and best practices in disaster risk management, risk transfer and insurance within the context of advancing sustainable development in the wider Caribbean region. The partnership will introduce robust solutions for disaster risk financing and insurance such as those CCRIF provides to protect and increase financial resilience in both the public and private sectors throughout the region.

CARIBBEAN COMMUNITY CLIMATE CHANGE CENTRE (CCCCC)

A new MOU was signed between CCRIF and CCCCC in October 2017 for the period 2017-2023, replacing the previous agreement that expired in 2017. The overall objective remains the same: to assist the governments of Caribbean states in understanding the risks of climate change to the economies and people of the region. It will focus on the revision of the regional strategic framework for climate change adaptation and the expansion of the Economics of Climate Adaptation study throughout the region.

In October 2016, CCRIF had provided a grant of US$25,000 to CCCCC towards the revision of the Regional Strategic Framework for Achieving Development Resilient to Climate Change to cover the period 2016-2026. During this policy year, consultations continued with countries to obtain their input on the draft revised framework. The draft Regional Framework will be shared with all national and regional stakeholder CARICOM regional agencies, development partners and relevant civil society organizations for final input. The final draft will be presented to CARICOM heads of governments for approval.

Participants at a stakeholder consultation in St. Kitts and Nevis to discuss the revisions to the Regional Strategic Framework for Achieving Development Resilient to Climate Change.

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. CCRIF provided sponsorship totalling US$35,000 for the 2017 Caribbean CDM Conference held December 6-8 in The Bahamas.

The 30 participants at the CCRIF PDS included representatives from donor agencies (including 5 persons from USAID), national government agencies, regional organizations (e.g. ACS) and private firms, among others.

The CCRIF CEO participated in the High-level Forum, Investing in Disaster Resilience in a Changing Climate, delivering remarks on the role of risk insurance as part of a strategy for building national resilience. CCRIF made remarks at the Opening of the Exhibition and had a display booth. CCRIF also delivered a professional development session (PDS) entitled *"Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy".*

CARIBBEAN INSTITUTE FOR METEOROLOGY AND HYDROLOGY (CIMH)

During 2017/18 CIMH implemented key activities related to rainfall data collection and analysis as part of the work plan under the CCRIF-CIMH MOU.

Data recording inventory

CIMH prepared an inventory of recording rainfall and water level stations which report to CIMH in near real time via telemetry or similar. The inventory includes 120 stations and indicates the location of each station, the dates of service and the percentage of data missing.

Although the density of the network is reasonable, most of the starting dates of the records are recent (2014-2017). The CCRIF models require data from at least 15 years of the historical period in order to calibrate/validate the model and produce the loss statistics metrics. However, these data could be very useful for cross check the model results and to analyze the performance of the model right after an event.

CIMH currently is in the process of installing other stations throughout the Caribbean as there are multiple planned initiatives which support network expansion. This year, CCRIF and CIMH commenced discussions on additional CCRIF support for enhancing the rainfall collection network through a special initiative. It is expected that this inventory will significantly increase during the next year or so.

Analysis of Rainfall events

The work plan includes the in-depth analysis of two selected rainfall events from both a hydrometeorological and impact and damage perspective per year. In Year 1, CIMH conducted an assessment of TC Earl that affected Belize in August 2016 and a rainfall event that affected St. Vincent and the Grenadines in November 2016. These reports included comparison of rainfall measurements from the ground data network and data from the IMERG/MSWEP/WRF satellites which are used in the CCRIF XSR models.

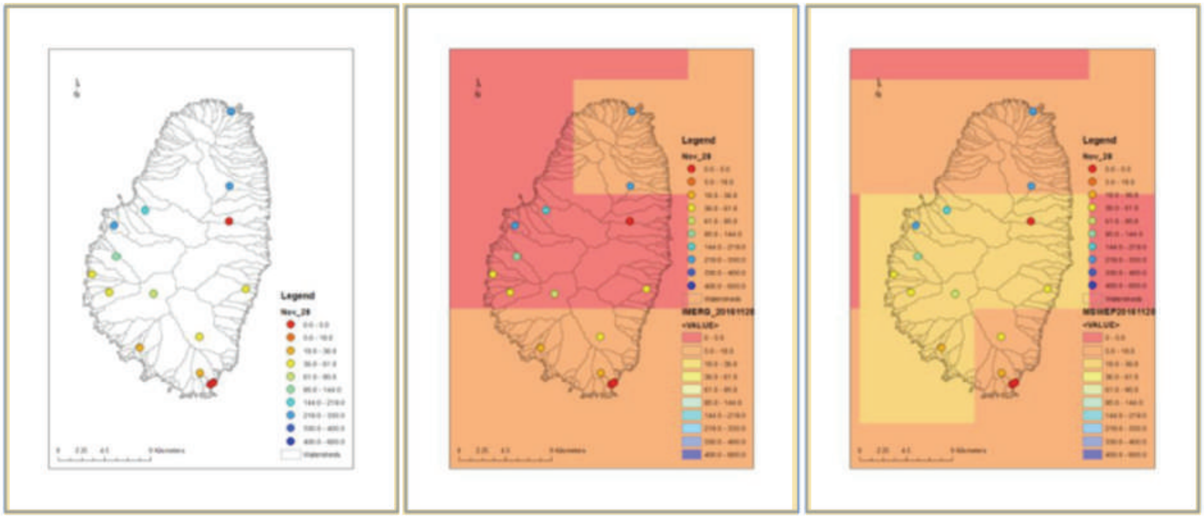


Figure 13 - Comparison of gauge accumulations to IMERG and MSWEP estimates for November 28, 2016

These analyses provide on-the-ground data that are being used to validate the performance of the CCRIF XSR models. During the next policy year, CIMH will be preparing similar reports for Hurricane Irma – impacts on Anguilla and Hurricane Maria – impacts on St. Kitts and Nevis.

ORGANISATION OF EASTERN CARIBBEAN STATES (OECS)

A new MOU was signed between CCRIF and OECS to guide activities for the period 2017-2023. In the previous year, 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.

25 participants participated in the CCRIF OECS proposal writing workshop.

A key part of the CCRIF-OECS intervention in communities is to facilitate access to funding to implement community-based projects to increase resilience. In September 2017 a proposal writing workshop was held in St. Vincent and the Grenadines for stakeholders representing community-based disaster management organizations from the three targeted vulnerable communities as well as regional and national agencies engaged in environmental management, disaster risk management and sustainable development.

Although there were three targeted communities, the workshop produced four project proposals for funding consideration by CCRIF. The formulation of these project proposals was guided by the outcomes and recommendations of the community assessments and the skills and knowledge derived from the training workshop.

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

The partnership between CCRIF and ECLAC seeks to enhance post-disaster assessments to more accurately reflect the total costs after a disaster and to build capacity in damage and loss assessment for Caribbean professionals with a focus on the ECLAC Damage and Loss Assessment (DaLA) methodology as well as initial rapid response assessments such as the Post Disaster Needs Assessment (PDNA) and CDEMA's Damage Assessment and Needs Analysis (DANA).

The work plan for 2018/19 was developed during this year and includes training on the DaLA methodology to assist countries to effectively participate in the conduct of post disaster (DaLA) assessments following a disaster. In 2017 ECLAC led assessments in five Caribbean countries and territories following Hurricanes Irma and Maria, three of which are CCRIF member countries: Anguilla, The Bahamas, and the Turks and Caicos Islands. In these assessments, ECLAC used a tool to consolidate the estimates developed during the previous work programme with CCRIF SPC. Given the severity of the 2017 hurricane season on those countries, CCRIF SPC and ECLAC will join efforts to provide training to public officers of these three countries.

Reflecting the importance of the energy sector to the Caribbean region's overall development and its efforts to become the world's first climate-resilient region, ECLAC and CCRIF will host an expert group meeting titled *"The modernization of the Energy Sector and the Enhancement of Resilience to Disaster and Climate Change in the Caribbean"*. This also will support efforts by CCRIF SPC in the development of a parametric insurance product for public utilities, including energy utilities.

THE UNIVERSITY OF THE WEST INDIES (UWI)

The agreement between CCRIF and UWI focuses mainly on the CCRIF-UWI Scholarship Programme. However, within this partnership, CCRIF is institutionalizing the CCRIF Training Programme "Understanding Ex-Ante Disaster Financing, CCRIF Parametric Policies and the Relationship with Fiscal and Economic Policy". During this policy year the programme was approved as a course to be offered at the three UWI residential campuses, as well as online through the UWI Open Campus and University of Belize in the 2018/19 academic year.

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.

Since 2015, CCRIF has provided 10 grants totalling US$210,000 under the Small Grants Programme. Projects have been implemented in Haiti, Saint Lucia, Jamaica and Trinidad and Tobago.

During this policy year, two new grants totalling US$48, 989 were awarded:

- Urgence Rehabilitation & Development (URDev), Haiti – Project for reducing water vulnerability in Boucan Richard – US$24,489
- People Empowering People (PEP), Saint Lucia – Fond/Malgretoute River Reforestation and Riverbank Stabilization Project – US$24,500

Reflecting on the need for the project, Chairman of the People Empowering People (PEP) community organization, Mr. Abraham George: "When it floods it undermines the bridge, the infrastructure that connects the north to the south, which is quite important. The community is virtually marooned because there is one way in and one way out. When the flood water comes in, community members have to run for shelter in the higher area and they cannot get out of Malgretoute," Mr. George said. He also stressed the importance of the community's involvement in the project as this encourages a sense of ownership and a better understanding of disaster prevention and best farming practices.

Three projects were completed during this policy year.

Fondation Amour de Dieu en Action (FADA), Haiti - Agricultural training project – Phase II

Completed training in 6 communities - more than 300 persons participated

Increased awareness about climate change and the project in the communities

Provided technical assistance to community focal point organizations to support the Government's INDC (Intended Nationally Determined Contribution) on climate change.



Fondation Amour de Dieu en Action (FADA), Haiti - Dam construction project

- Constructed sandbag dam using used tyres
- Conducted training on climate change and impacts on the sea


Anse-La-Raye Disaster Committee, Saint Lucia - Flood mitigation project

- Conducted mangrove restoration training for 34 community members
- Cleaned debris from mangroves; cleared natural water channel which was blocked to allow the free flow of water to the sea
- Planted a new variety of mangrove in certain areas to lessen on the amount of silt being trapped

Immediately upon completion of the project, the village experienced heavy rains and the river reached flooding level. Residents in the flood prone zone in the northern part of the village were happy and relieved that they had no issue with flooding as would have been the case if the work had not been undertaken.

CORPORATE GOVERNANCE, FINANCIAL SUSTAINABILITY AND RISK MANAGEMENT FRAMEWORK

CORPORATE GOVERNANCE, FINANCIAL SUSTAINABILITY AND RISK MANAGEMENT FRAMEWORK

During 2017-2018, CCRIF continued to enhance its 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 and 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. Based on the Strategic Plan 2015-2018, CCRIF identified 44 indicators or performance measures and set corresponding targets for each indicator and each year to enable measurement of its progress and performance. The monitoring of progress is important to the Facility, allowing the board and management where required to take corrective action along the way.

Summary of Performance against Targets for FY 2017/18

During 2017/18 extensive work was undertaken towards 83 per cent of the targets where in most cases, the target was met or surpassed. The areas in which this occurred included:

- New models developed – significant progress made on models for drought and fisheries/COAST
- 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
- Current members retained and confirmation received from new Caribbean countries that they will be joining CCRIF
- Increase in donor capitalization
- Extensive work implemented through MOUs between CCRIF and partner organizations
- MOU signed with one new partner organization

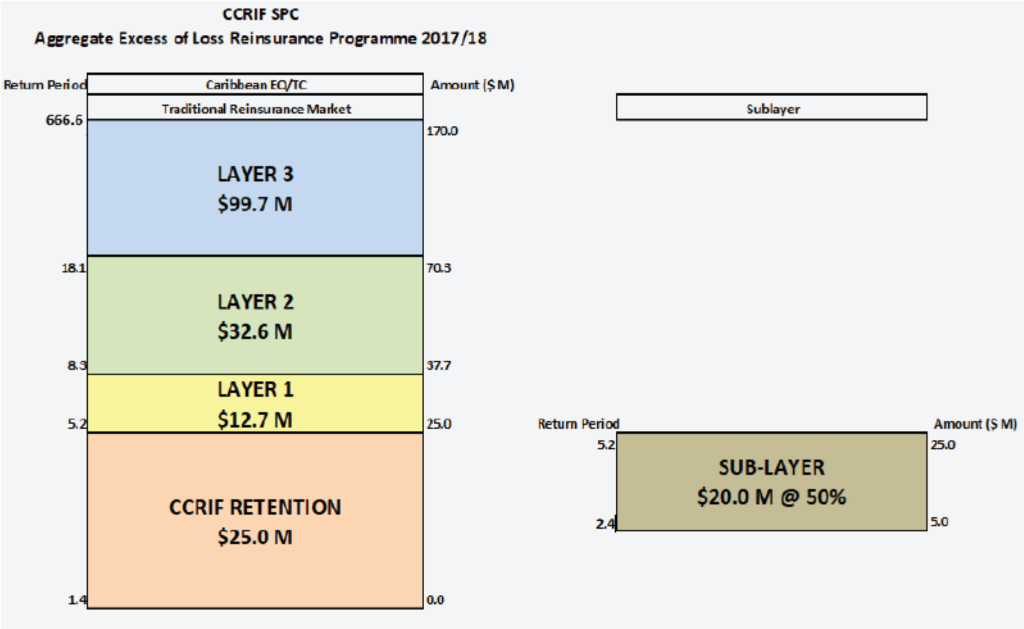
The areas in which the targets were not met included:

- Increase in the number of policies – the targets were set on the expectation of additional Central American members; while no additional countries have joined CCRIF, there was extensive discussion with Central American governments and demonstrated interest by some toward becoming CCRIF members in the near future
- Increased coverage among existing members – while there was an increase in all SPs, the increase did not meet the target set for 2017/18; the exception was the Caribbean XSR SP, where the increase was well above the target

CCRIF'S FINANCIAL SUSTAINABILITY

CCRIF SPC issued 26 annual policies for the EQ/TC SP[2] to 14 CARICOM countries for the 2017/2018 policy/financial year, plus 17 policies[3] for the XSR SP to 13 CARICOM countries, and 3 policies (EQ, TC and XSR) for the Central America SP to one COSEFIN country. The year's premium income for tropical cyclone and earthquake coverage in the Caribbean totalled US$21.4 million. CCRIF's aggregate exposure for policies written for the EQ/TC perils in the Caribbean was US$651 million, with the tropical cyclone to earthquake aggregate split being close to 57:43. Annual premium from the XSR policies in the Caribbean totalled almost US$6.9 million, covering an aggregate exposure of more than US$103 million in member countries. For the Central American region, the premium income was US$2.3 million, with US$1.0 million for tropical cyclone coverage, US$0.5 million for earthquake and $0.8 million for excess rainfall. The coverage limit in the region was US$35.3 million, with the split among tropical cyclone, earthquake, and excess rainfall being 52:28:20.

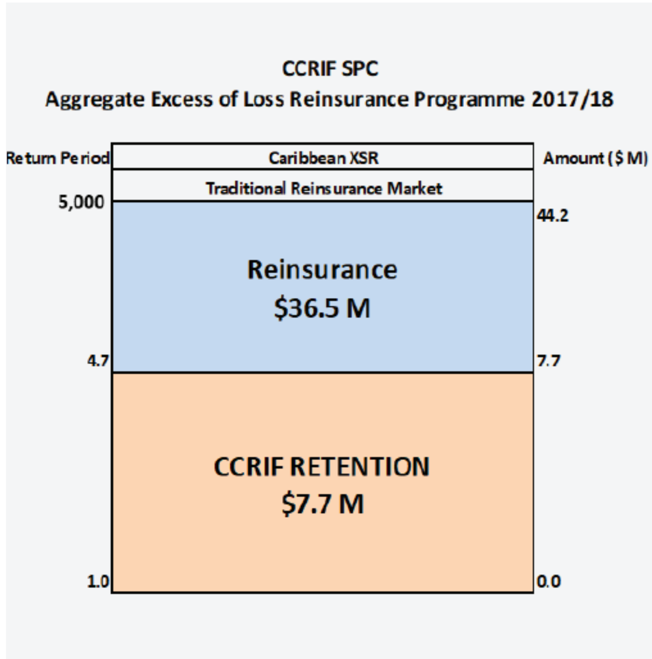
CCRIF SPC for Caribbean EQ/TC SP retained US$25 million and purchased an additional US$145 million of reinsurance capacity above the retention to support the claims-paying capacity of the Facility (see figure below). Reinsurance was purchased from the international reinsurance markets. The top of the reinsurance structure, at US$170 million, provided claims-paying capacity for aggregate annual losses with an approximately 1-in-666.6 chance of occurring. Additionally, a sublayer of US$20 million in excess of US$5 million with an aggregated US$20 million deductible was purchased at a 50 per cent placement for a three-year period. All programmes were placed at 100 per cent.



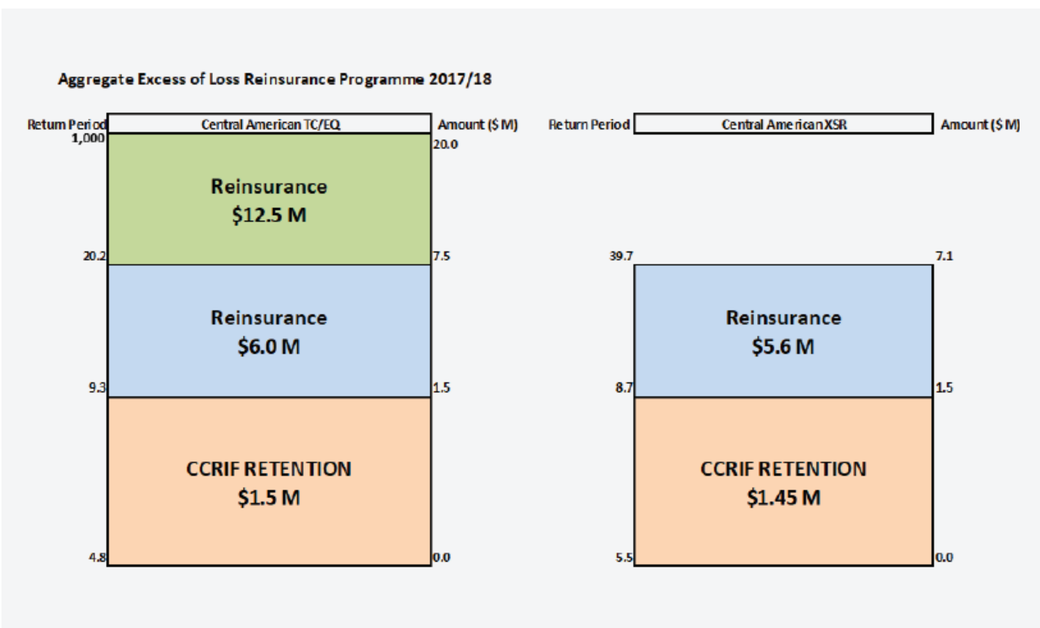
[2] segregated portfolio
[3] The Bahamas and Trinidad and Tobago each have more than one excess rainfall policy, each of which covers a portion of the country. In 2017/18 The Bahamas had four sub-national policies; Trinidad had two policies – one for each island. This figure counts each sub-national policy as a separate policy.

This sublayer can become an active coverage once US$20 million in losses are aggregated during the first two years of coverage after a US$5 million deductible. The coverage will last for the remaining years in the period after the aggregate losses are surpassed.

CCRIF SPC for Caribbean XSR SP retained US$7.7 million and purchased an additional US$36.5 million of reinsurance capacity to support the claims paying capacity of the Facility (see figure at right). The top of the reinsurance structure, at US$44.2 million, provided claims-paying capacity for aggregate annual losses with an approximately 1-in-5,000 chance of occurring.



CCRIF SPC for Central America SP retained US$1.5 million for TC/EQ and US$1.45 million for XSR. CCRIF SPC purchased US$18.5 million of reinsurance capacity for TC/EQ and US$5.6 million for XSR to support the claims-paying capacity of the Facility (see figure below). The top of the reinsurance structure, at US$20 million for TC/EQ and at US$7.05 million for XSR, provided claims-paying capacity for aggregate annual losses with an approximately 1-in-1,000 chance of occurring for TC/EQ and 1-in-39.7 chance of occurring for XSR.



CCRIF SPC's total capital at risk for 2017/18 comprised the retention of US$35.65 million (US$25 million for Caribbean TC/EQ, US$7.7 million for Caribbean XSR, US$1.5 million for Central America TC/EQ and US$1.45 million for Central America XSR) within the risk transfer programme and a further ~US$42 million above the reinsurance programme up to the 1-in-1,000-year loss of ~US$205 million. The claims-paying capacity of CCRIF for the 2017/2018 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 it was substantially better than any of its peers in either the public or private sectors.

STRENGTHENING THE CCRIF SECRETARIAT

> The Chief Risk Management Officer plays a key role on advising the board and management of new and emerging trends and issues and ways of addressing these and as such provides advice related to new model and product development and expansion of CCRIF services and membership.

During this policy year, CCRIF undertook the process of hiring a Chief Risk Management Officer (CRMO). Working under the supervision of the Chief Executive Officer, the CRMO is responsible for providing technical leadership and advice to the management and board as it relates to the areas of risk management, financial planning, catastrophe modelling and insurance placement. The Officer therefore provides technical input and review and acts as an independent evaluator to the work of two of CCRIF's main service providers – the Risk Management Specialist and the Placement Broker. The CRMO will enable CCRIF to take stronger ownership of the risk management and risk evaluation process and provide strategic input from CCRIF's perspective thus improving ownership of strategic decisions on models and result interpretation. The CRMO plays a lead role in ensuring the integrity of CCRIF's models and products.

DONOR SUPPORT AND CAPITALIZATION

In October 2017, the Government of Mexico and the Caribbean Development Bank (CDB) approved a grant of US$14 million for CCRIF SPC. The grant was funded through resources provided to CDB's Special Development Fund (Other) by the Government of Mexico. The contribution was in keeping with the joint declaration from the Third CARICOM-Mexico Summit in 2014, where the Government of Mexico agreed to support and strengthen CCRIF.

"Mexico is committed to continue cooperating with the Caribbean countries to address natural disasters. Catastrophe risk pool mechanisms such as CCRIF are an effective vehicle to help countries access financing for disaster response, mitigating the fiscal impact of natural disasters. We are very pleased to be able to provide these resources in collaboration with CBD to reinforce the CCRIF," noted Vanessa Rubio, Mexico's Deputy Secretary of Finance and Public Credit.

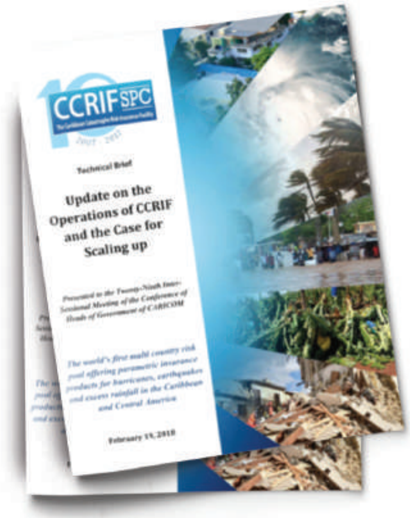
The grant will provide enhanced insurance coverage to the Bank's Borrowing Member Countries that insure through CCRIF against tropical cyclone, earthquake and excess rainfall risks. The funding will also enable CCRIF SPC to increase its reserves and capital, helping its long-term sustainability. The grant will contribute capital to CCRIF's Tropical Cyclone/Earthquake and Excess Rainfall segregated portfolios and support the development of new products.

Also in this policy year, a financing grant (Additional Financing "AF") was signed for funds from the European Union, through the European Commission and Germany, through the Federal Ministry for Economic Cooperation and Development, which had been pledged in May 2017. The AF amounts to US$23.75 million of which US$12.75 million is allocated to the expansion of the Central America SP for the provision of geophysical and climate-related products for COSEFIN Participating Countries. The remaining US$11 million is dedicated to the Caribbean XSR SP to provide climate-related products to Caribbean members.


CCRIF SPC
Technical Brief
Update on the Operations of CCRIF and the Case for Scaling up
Presented to the Twenty-Ninth Inter-Sessional Meeting of the Conference of Heads of Government of CARICOM

SCALING UP

SCALING UP



The year 2017, like 2004, was another defining moment for the Caribbean after suffering the devastation caused by two category 5 hurricanes within 14 days of each other. Damage and loss due to these storms have been estimated at approximately US$130 billion. The storms affected 18 countries (including CARICOM member countries), their populations and social and economic infrastructure. These catastrophic events resulted in CARICOM declaring its ambition for the Caribbean to become the first climate-resilient zone in the world.

CCRIF is prepared to play its part in helping our region realize this stated ambition. Thus, as CCRIF enters a second decade of operations, additional financing and capital injection will be required to support growth and to facilitate scaling up – all to better serve the countries in the region.

In early 2018, the Facility undertook a strategic analysis to inform the scaling up of the operations of CCRIF. The analysis was underpinned by the following key pieces of work:

- A situational analysis of potential resources and regional and international initiatives to facilitate scaling up of CCRIF
- An assessment of CCRIF's current financial situation and solvency that incorporated recommendations for long-term sustainability
- A stakeholder assessment study that analyzed views and perceptions of stakeholders on CCRIF, including feedback on scaling up of CCRIF in terms of offering new products, increasing coverage levels amongst existing members and adding new members to the existing segregated portfolios.

These assessments were designed to address the possibilities for scaling up the Facility, particularly within the context of a changing climate; interest expressed by member governments over the years for additional coverage and new areas of coverage which would require bringing to market new products; and the impact of extreme geophysical and climate events over the previous decade and in particular, the events of the latter part of 2017 – Hurricanes Irma and Maria.

The results of the study were summarized in a brief presented to the Twenty-Ninth Inter-Sessional Meeting of the Conference of Heads of Government of CARICOM held in February 2018. Based on the findings of the stakeholder study and recommendations, scaling up of CCRIF could include providing increased CCRIF coverage for existing members, adding new members to CCRIF – in both the Caribbean and Central America and maybe even beyond, and introducing new products such as a drought product as well as providing coverage for the agriculture and fisheries sectors and public utilities (e.g. water and wastewater, energy, and telecommunications) and possibly other economic industries such as tourism.

During this year, CCRIF also participated in discussions with other Caribbean countries that indicated interest in joining CCRIF (British Virgin Islands, Montserrat and Sint Maarten), two of which had been greatly affected by the 2017 hurricanes.

AUDITED FINANCIAL STATEMENTS

CCRIF SPC

Financial Statements
For the year ended May 31, 2018
(expressed in U.S. dollars)

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 – 28 present fairly, in all material respects, the financial position of the General Portfolio of CCRIF SPC (the "Company") 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 portfolio, including the General Portfolio, hereinafter the "Portfolio") as at May 31, 2018, 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, 2018;
- 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 and the Portfolio 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 29 – 32 (but does not include the financial statements and our auditor's report thereon).

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.

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.

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

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Independent auditor's report (continued)

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

September 13, 2018

CCRIF SPC

Balance Sheet

As at May 31, 2018

(expressed in U.S. dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
ASSETS	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents (Note 4)	11,907,743	18,492,705	5,180,052	791,517	1,689,580
Investments, at fair value (Note 5)	43,595,100	23,964,823	10,004,211	4,431,321	-
Margin collateral for derivative instruments (Note 8)	(101,908)	(237,353)	(109,452)	(40,604)	-
Development costs (Note 15)	2,460,567	-	-	-	-
Accrued interest	299,528	211,153	106,068	43,681	-
Unrealized gains on futures contracts (Note 8)	146,814	361,778	160,232	64,462	-
Due from Core (Note 16)	-	1,000,396	7,182,940	-	3,045,945
Due from Segregated Portfolios (Note 16)	-	-	648,427	-	-
Prepaid expenses	38,264	110,723	391	391	18,762
Total assets	58,346,108	43,904,225	23,172,869	5,290,768	4,754,287
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities					
Accounts payable and accrued expenses	373,651	21,711	99,187	4,049	-
Due to Segregated Portfolios (Note 16)	11,229,281	648,427	-	-	-
Income from parametric insurance contracts received in advance	-	3,097,595	774,167	-	-
Participation fee deposits (Note 7)	-	12,941,875	-	-	-
Total liabilities	11,602,932	16,709,608	873,354	4,049	-
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)	46,623,176	(15,305,383)	(2,700,485)	286,719	4,754,286
Total shareholder's equity	46,743,176	27,194,617	22,299,515	5,286,719	4,754,287
Total liabilities and shareholder's equity	58,346,108	43,904,225	23,172,869	5,290,768	4,754,287

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

Timothy Antoine — September 13, 2018

Director — Date

Desiree Cherebin — September 13, 2018

Director — Date

The accompanying notes on pages 7 - 28 are an integral part of these financial statements.

CCRIF SPC

Statement of Operations

For the year ended May 31, 2018

(expressed in U.S. dollars)

	Core $	EQ/TC SP $	XSR SP $	LPC SP $	CA SP $
Operating income					
Income from parametric insurance contracts (Note 2)	-	23,727,901	7,648,790	-	2,300,000
Discounts awarded on parametric insurance contracts	-	(2,372,791)	(764,879)	-	-
Expenses on parametric reinsurance contracts (Note 2)	-	(10,452,333)	(3,614,000)	-	(1,587,100)
Net income on parametric contracts	-	10,902,777	3,269,911	-	712,900
Ceding commissions on parametric reinsurance contracts	-	943,400	-	-	95,210
Total operating income	-	11,846,177	3,269,911	-	808,110
Operating expenses					
Claims paid on parametric insurance contracts (Note 10)	-	49,573,165	12,452,874	-	-
Claims recovered under parametric reinsurance contracts (Note 10)	-	(24,573,165)	(4,752,875)	-	-
Brokerage and risk management specialist fees	484,180	258,328	-	-	38,697
Total operating expenses	484,180	25,258,328	7,699,999	-	38,697
Net operating income / (loss)	(484,180)	(13,412,151)	(4,430,088)	-	769,413
Other income and expenses					
Net investment income (Note 11)	468,771	449,007	157,838	48,873	164
Income from Donor Funds (Note 6)	-	-	7,182,940	-	3,791,890
Unrestricted grant funds (Note 6)	-	9,800,000	4,200,000	-	-
Amortization of development costs (Note 15)	(140,900)	-	-	-	-
Technical assistance expenses	(534,919)	-	-	-	-
Segregated portfolio rental fees	2,385,000	(1,500,000)	(400,000)	-	(485,000)
Administrative expenses (Note 13)	(1,616,942)	(271,718)	(156,885)	(1,245)	(57,160)
Net income / (loss) for the year	**76,830**	**(4,934,862)**	**6,553,805**	**47,628**	**4,019,307**

The accompanying notes on pages 7 - 28 are an integral part of these financial statements.

CCRIF SPC

Statement of Changes in Shareholder's Equity

For the year ended May 31, 2018

(expressed in U.S. dollars)

	Share capital $	Non-voting redeemable preference shares $	Share premium $	Retained earnings $	Total $
Core					
Balance at May 31, 2017	1,000	-	119,000	46,546,346	46,666,346
Net income for the year	-	-	-	76,830	76,830
Balance at May 31, 2018	1,000	-	119,000	46,623,176	46,743,176
EQ/TC SP					
Balance at May 31, 2017	-	1	42,499,999	(10,370,521)	32,129,479
Net loss for the year	-	-	-	(4,934,862)	(4,934,862)
Balance at May 31, 2018	-	1	42,499,999	(15,305,383)	27,194,617
XSR SP					
Balance at May 31, 2017	-	1	24,999,999	(9,254,290)	15,745,710
Net income for the year	-	-	-	6,553,805	6,553,805
Balance at May 31, 2018	-	1	24,999,999	(2,700,485)	22,299,515
LPC SP					
Balance at May 31, 2017	-	1	4,999,999	239,091	5,239,091
Net income for the year	-	-	-	47,628	47,628
Balance at May 31, 2018	-	1	4,999,999	286,719	5,286,719
CA SP					
Balance at May 31, 2017	-	1	-	734,979	734,980
Net income for the year	-	-	-	4,019,307	4,019,307
Balance at May 31, 2018	-	1	-	4,754,286	4,754,287

The accompanying notes on pages 7 - 28 are an integral part of these financial statements.

CCRIF SPC

Statement of Cash Flows

For the year ended May 31, 2018

(expressed in U.S. dollars)

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Operating activities	**76,830**	**(4,934,862)**	**6,553,805**	**47,628**	**4,019,307**
Net income /(loss) for the year					
Adjustments to reconcile net income/(loss) to net cash from operating activities:					
Adjustment for items not affecting cash:					
Change in fair value of investments	850,703	708,863	188,154	28,458	-
Net realized gains on investments	(283,557)	(1,052,548)	(179,722)	(2,556)	-
Change in unrealized gains on derivative investments	(329,434)	(1,112,048)	(357,433)	(131,679)	-
Amortisation of development cost	140,900	-	-	-	-
Trading securities:					
Purchase of securities and options	(15,591,169)	(31,233,056)	(7,302,911)	(2,950,259)	-
Proceeds from sale of securities and options	13,857,861	49,106,141	8,401,050	3,141,465	-
Change in derivatives margin collateral balance	428,864	1,549,372	448,927	157,355	-
Changes in assets and liabilities:					
Accrued interest	13,906	268,396	39,811	6,531	-
Amounts due from Donor Funds	-	-	-	-	641,250
Prepaid expenses	(29,265)	(110,722)	(391)	(391)	(18,762)
Accounts payable and accrued expenses	(217,921)	(30,511)	84,953	(1,806)	(10,000)
Due to Segregated Portfolios	11,229,281	133,281	(133,281)	-	-
Income from parametric contracts received in advance	-	904,495	(183,837)	-	
Brokerage and risk management specialist fees payable	-	-	-	-	(48,305)
Participation fee deposits*	-	(75,000)	-	-	(1,000,000)
Due from Core	-	(1,000,396)	(7,182,940)	-	(3,045,945)
Net cash provided by/(used in) operating activities	10,146,999	13,121,405	376,185	294,746	537,545
Investing activities					
Development costs	(1,236,000)	-	-	-	-
Net cash used in investing activities	(1,236,000)				-
Net change in cash and cash equivalents	8,910,999	13,121,405	376,185	294,746	537,545
Cash and cash equivalents at the beginning of the year	2,996,744	5,371,300	4,803,867	496,771	1,152,035
Cash and cash equivalents at the end of year	11,907,743	18,492,705	5,180,052	791,517	1,689,580
Interest and dividends received	1,332,251	1,239,949	438,011	152,993	164

*Non-cash transaction: During the year ended May 31, 2018, the Company approved the set-off of the Government of the Republic of Nicaragua's CA SP refundable participation fee deposit in the amount of $1,000,000 against Premiums receivable in respect of the 2017/18 coverage.

The accompanying notes on pages 7 - 28 are an integral part of these financial statements.

(expressed in U.S. dollars)

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, 2018, 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, 2018.
- Central America SP ("CA SP") - provides earthquake, tropical cyclone and excess rainfall coverage to Central American governments
- COAST SP ("COAST SP") – COAST SP will provide fisheries insurance coverage to Caribbean governments against the effects of tropical cyclones. COAST SP had not provided coverage as at May 31, 2018. COAST SP has not commenced operations as of May 31, 2018 and as such are not included in these financial statements.

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.

(expressed in U.S. dollars)

2 Parametric contracts

Each Participating Country determines the level of aggregate coverage and attachment point 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 Manuel: ("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.

For the 2017/18 policy period, the combined aggregate coverage limits for all Participating Countries in the EQ/TC were $369 million for tropical cyclone events and $283 million for earthquake events, respectively.

EQ/TC has ceded layers of this exposure to commercial reinsurers. The following is a summary of the coverage in the program for the 2017/18 policy period:

- EQ/TC retains all losses up to $25 million. A further sub-layer of reinsurance covering the next $10 million of losses has been obtained from a quality reinsurer with an A.M. Best rating of A+, covering a three year period, such that from the second year of coverage, up to $10 million of losses are reinsured within this sub-layer.
- 100% of the next $145 million of losses are reinsured with quality reinsurers with an A.M. Best rating of at least A.
- EQ/TC retains all subsequent losses above $170 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-666.6 year loss event.

For the 2017/18 policy period, the combined aggregate coverage limits for all Participating Countries in the XSR SP was $104 million.

XSR has ceded layers of this exposure to a commercial reinsurer. The following is a summary of the coverage in the program for the 2017/18 policy period:

- XSR retains all losses up to $7.7 million
- 100% of the next $36.5 million of losses are reinsured with a quality reinsurer with an A.M. Best rating of A+.
- XSR retains all subsequent losses above $44.2 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-5,000 year loss event.

For the 2017/18 policy period, the combined aggregate coverage limits for all Participating Countries in the CA SP were $18 million for tropical cyclone events, $10 million for earthquake events, and $7 million for excess rainfall events respectively.

CA SP has ceded layers of this exposure to commercial reinsurers. The following is a summary of the coverage in the program for the 2017/18 policy period:

Earthquake and tropical cyclone coverage:

- 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-1,000 year loss event.

(expressed in U.S. dollars)

2 Parametric contracts (continued)

Excess rainfall coverage:

- CA SP retains all losses up to $1.45 million
- 100% of the next $5.6 million of losses are reinsured with a quality reinsurers with an A.M. Best rating of A+.
- CA SP retains all subsequent losses above $7.05 million. The modelled probability of a loss reaching this layer has been indicated to be a 1-in-40 year loss event.

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, 2018, there were no unpaid losses.

LPC and COAST SP coverage have not yet commenced.

3 Significant accounting policies

These financial statements on pages 3-28 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:

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 $198,777, $244,897, $216,003, $98,785, and market values of $193,657, $239,051, $209,804, $95,463, 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.

(expressed in U.S. dollars)

3 Significant accounting policies (continued)

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 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:

(expressed in U.S. dollars)

3 Significant accounting policies (continued)

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.

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 or the conditions for drawdown under the grant agreements were incurred or met and such reimbursements or drawdowns are contractually receivable.

Unrestricted grant funds: The Company recognizes income or grants from donors as contributions when it has received or has the right to receive an unconditional transfer of cash or other asset or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer from such party.

(expressed in U.S. dollars)

3 Significant accounting policies (continued)

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, 2018, 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 Operation: Income from parametric insurance contracts, Discounts awarded on parametric insurance contracts, Expenses on parametric reinsurance contracts, Claims paid on parametric insurance contracts, and Claims recovered on parametric insurance contracts, and are ($14,097,223) in EQ/TC SP, ($4,430,088) in XSR SP and $712,900 in CA SP for the year ended May 31, 2018.

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);
- they are non-refundable.

Refundable 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 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, 2018, no receivables were determined to be past due or impaired and, accordingly, no provision for doubtful collection has been established.

(expressed in U.S. dollars)

3 Significant accounting policies (continued)

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 (including items such as administrative expenses, technical assistance expenses and amortization of development 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.

(expressed in U.S. dollars)

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. London and Capital provided asset management services to the Core, as well as the following SPs, namely EQ/TC, XSR and LPC. Butterfield Bank provided asset management services only to the Core.

The following tables summarize the investments that are measured at fair value at May 31, 2018, refer to Note 8 for additional disclosure over derivatives held at year end:

	Fair Value Measurements Determined Using:			
	Level 1 Inputs $	**Level 2 Inputs $**	**Level 3 Inputs $**	**Total $**
Core				
At May 31, 2018:				
Assets				
Non-exchange traded mutual funds	-	2,518,919	-	2,518,919
Exchange traded mutual funds	1,140,775	-	-	1,140,775
Equity investments				
- Communications	161,696	-	-	161,696
- Industrial	347,615	-	-	347,615
- Consumer, Non-cyclical	532,134	-	-	532,134
- Technology	636,739	-	-	636,739
- Energy	31,697	-	-	31,697
- Healthcare	127,999	-	-	127,999
Corporate debt securities	-	33,629,238	-	33,629,238
Government sponsored debt securities	-	4,468,288	-	4,468,288
Total Assets	2,978,655	40,616,445		43,595,100
EQ/TC SP				
At May 31, 2018:				
Assets				
Equity investments				
- Communications	440,763	-	-	440,763
- Industrial	508,915	-	-	508,915
- Consumer, Non-cyclical	849,675	-	-	849,675
- Technology	517,917	-	-	517,917
Corporate debt securities	-	18,773,598	-	18,773,598
Government sponsored debt securities	-	2,873,955	-	2,873,955
Total Assets	2,317,270	21,647,553	-	23,964,823

(expressed in U.S. dollars)

5 Investments (continued)

	Fair Value Measurements Determined Using: Level 1 Inputs $	Level 2 Inputs $	Level 3 Inputs $	Total $
<u>XSR SP</u>				
At May 31, 2018:				
Assets				
Equity investments				
- Communications	186,656	-	-	186,656
- Industrial	215,521	-	-	215,521
- Consumer, Non-cyclical	359,780	-	-	359,780
- Technology	220,790	-	-	220,790
Corporate debt securities	-	8,523,027	-	8,523,027
Government sponsored debt securities	-	498,437	-	498,437
Total Assets	982,747	9,021,464	-	10,004,211
<u>LPC SP</u>				
At May 31, 2018:				
Assets				
Equity investments				
- Communications	81,398	-	-	81,398
- Industrial	95,238	-	-	95,238
- Consumer, Non-cyclical	158,793	-	-	158,793
- Technology	97,570	-	-	97,570
Corporate debt securities	-	3,749,103	-	3,749,103
	-	249,219	-	249,219
Total Assets	432,999	3,998,322	-	4,431,321

There were no transfers between Levels 1, 2, or 3 during the year ended May 31, 2018.

(expressed in U.S. dollars)

5 Investments (continued)

The cost of investments for Core, EQ/TC, XSR and LPC at May 31, 2018 is $43,617,414, $24,076,019, $10,081,527, and $4,433,593, respectively.

At May 31, 2018, 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 $2,518,919. 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	55%	47%	39%	60%
Percentage of debt securities issued by UK counterparties	19%	22%	30%	21%
Percentage of debt securities issued by counterparties based in other countries	26%	31%	31%	19%

	Core	EQ/TC SP	XSR SP	LPC SP
Percentage of debt securities graded as A- or higher	47%	38%	19%	28%
Percentage of debt securities graded as BBB- or higher but lower than A-	46%	48%	65%	65%
Percentage of non-investment graded debt securities below BBB- or not rated	7%	14%	16%	7%

The average maturity of fixed income securities as at May 31, 2018 is disclosed in the table below:

	Core	EQ/TC SP	XSR SP	LPC SP
Average maturity	5.37 years	8.17 years	9.77 years	7.39 years

The above maturity disclosures do not include perpetual bonds held by the Core, EQ/TC SP, XSR SP and LPC SP at May 31, 2018 which totalled 7%, 28%, 45% and 26% 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.

(expressed in U.S. dollars)

6 Donor Funds and Unrestricted grant funds

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 CCRIF SPC on behalf of CA SP (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 "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 TF0A0564 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, 2018, $1,491,890 donor fund income relating to the World Bank project under CCRIF TF Grant No. TF0A0564 was recorded in the statement of operations in CA SP to finance reinsurance premium payments made during the year. At May 31, 2018, $15,048,060 remained available from the Multi Donor Trust Fund to finance future reimbursable costs of CA SP during the remaining period of the arrangement.

Effective August 14, 2017, an agreement was entered into between the World Bank acting as administrator of the Central America and Caribbean Catastrophe Risk Insurance Program Multi-Donor Trust Fund, and CCRIF SPC on behalf of CA SP, EQ/TC SP and XSR SP as per CCRIF TF Grant No. TF0A5343. The grant is for US$23.75 million as additional financing for activities of CCRIF SPC to improve affordability of high quality sovereign catastrophe risk transfer associated with earthquakes and climate-related events for CCRIF 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, EQ/TC SP and XSR SP. Amounts reimbursable under the grant agreement include; i) Participation fees, non-consulting services and insurance payments up to $21,750,000; and ii) consulting services and training costs up to $2,000,000.

During the year ended May 31, 2018, donor fund income under CCRIF TF Grant No. TF0A5343 relating to CA SP participation fees due by the Government of the Republic of Nicaragua, XSR SP insurance payouts, and XSR SP reinsurance premiums amounting to $2,300,000, $5,500,000, and $1,682,940 respectively, were received. At May 31, 2018, $14,267,060 remained available from CCRIF TF Grant No. TF0A5343.

Unrestricted grant funds

Pursuant to a grant agreement dated December 15, 2017 between the Caribbean Development Bank (the "CDB") and CCRIF SPC, the CDB contributed $14,000,000 to assist in the provision of financial support to the operations of the Company to provide enhanced insurance coverage against tropical cyclones, earthquakes and excess rainfall. The grant was allocated 70% to EQ/TC SP and 30% to XSR SP.

(expressed in U.S. dollars)

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, 2018, 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, 2018, one Participating Country elected to use a proportion of participation fee deposits held by EQ/TC SP to partially settle its Income from parametric insurance contracts owing to XSR SP (Note 16).

During the year ended May 31, 2018 the Board of Directors approved a non-refundable Participation Fee deposit with the Government of the Republic of Nicaragua (CA SP). If the Republic of Nicaragua chooses not to purchase an insurance Policy under the Insurance Programme for more than one year in any five year period, then the Republic of Nicaragua must pay a new Participation Fee in such amount as may be required by the Insurer at that time to be re-admitted to the Insurance Programme ("Re-admission") if it wishes to purchase an Insurance Policy. In the event of Re-admission the same provision shall apply in respect of subsequent periods (but shall not take account of any period prior to the date of Re-admission). The non-refundable participation fee of $2,300,000 was settled by drawing on the CCRIF TF Grant No. TF0A5343 (Note 6).

(expressed in U.S. dollars)

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, 2018 (see Note 11).

	Gross realized gains $	Gross realized losses $	Net realized losses $	Change in unrealized gains $
Core				
Futures/options on fixed income securities	18,209	(23,044)	(4,835)	-
Foreign exchange futures contracts	64,088	(539,477)	(475,389)	329,434
Total	82,297	(562,521)	(480,224)	329,434
EQ/TC SP				
Futures/options on fixed income securities	66,024	(75,392)	(9,368)	-
Foreign exchange futures contracts	212,737	(2,037,508)	(1,824,771)	1,112,048
Total	278,761	(2,112,900)	(1,834,139)	1,112,048
XSR SP				
Futures/options on fixed income securities	22,041	(26,856)	(4,815)	-
Foreign exchange futures contracts	72,713	(594,029)	(521,316)	357,433
Total	94,754	(620,885)	(526,131)	357,433
LPC SP				
Futures/options on fixed income securities	3,403	(4,892)	(1,489)	-
Foreign exchange futures contracts	20,900	(196,522)	(175,622)	131,679
Total	24,303	(201,414)	(177,111)	131,679

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, 2018, are reflective of the average positions held in currency futures and options 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, 2018 were (there was no short Options exposure during the year):

(expressed in U.S. dollars)

8 Derivative instruments (continued)

Core	Currency Futures:	Short: $4,116,106	Long: $634,063	Options: Long: $2,051,569
EQ/TC SP	Currency Futures:	Short: $17,263,581	Long: $3,297,125	Options: Long: $6,359,863
XSR SP	Currency Futures:	Short: $4,776,375	Long: $887,688	Options: Long: $2,256,726
LPC SP	Currency Futures:	Short: $1,450,375	Long: $380,438	Options: Long: $205,157

The following outstanding foreign exchange contracts were held as at May 31, 2018:

	Maturity date	Notional value $	Fair values $
Core			
United States Dollars future (bought US$ sold £)	June 18, 2018	1,662,500 (At future rate of US$1.33: £1)	89,453
United States dollars future (bought US$ sold €)	June 18, 2018	877,500 (At future rate of US$1.17: €1)	57,361
			146,814
EQ/TC SP			
United States Dollars future (bought US$ sold £)	June 18, 2018	2,992,500 (At future rate of US$1.33: £1)	161,015
United States dollars future (bought US$ sold €)	June 18, 2018	3,071,250 (At future rate of US$1.17: €1)	200,763
			361,778
XSR SP			
United States Dollars future (bought US$ sold £)	June 18, 2018	1,911,875 (At future rate of US$1.33: £1)	102,871
United States dollars future (bought US$ sold €)	June 18, 2018	877,500 (At future rate of US$1.17: €1)	57,361
			160,232
LPC SP			
United States Dollars future (bought US$ sold £)	June 18, 2018	665,000 (At future rate of US$1.33: £1)	35,782
United States dollars future (bought US$ sold €)	June 18, 2018	438,750 (At future rate of US$1.17: €1)	28,680
			64,462

No currency option contracts are open as at May 31, 2018.

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.

(expressed in U.S. dollars)

8 Derivative instruments (continued)

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

As of May 31, 2018

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	146,814	(101,908)	44,906
EQ/TC SP	Currency Future	RBS	361,778	(237,353)	124,425
XSR SP	Currency Future	RBS	160,232	(109,452)	50,780
LPC SP	Currency Future	RBS	64,462	(40,604)	23,858

*All of these liabilities represent margin balances held at brokers 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.

(expressed in U.S. dollars)

9 Share capital and share premium (continued)

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").

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 were two triggering events which resulted in claim payments to Participating Countries in the EQ/TC SP. Total claim payments in the year ending May 31, 2018 were $49,573,165. $24,573,165 were recovered from reinsurers in respect of these claims.

There were three triggering events which resulted in claim payments to Participating Countries in the XSR SP. Total claim payments in the year ending May 31, 2018 were $12,452,874. $ 4,752,875 was recovered from the reinsurer in respect of these claims.

There were no triggering events which resulted in claim payments to Participating Countries in the CA SP.

11 Net investment income

	Core $	EQ/TC SP $	XSR SP $	LPC SP $	CA SP $
Net investment income comprises:					
Interest and dividend income	1,318,345	971,553	398,200	146,462	164
Change in fair value of investments	(850,703)	(708,863)	(188,154)	(28,458)	-
Net realized gain on sale of Investments	283,557	1,052,548	179,722	2,556	-
Investment management, custody and fund administration fees	(156,258)	(167,442)	(68,495)	(31,396)	-
Currency foreign exchange gains	24,620	23,302	5,263	5,141	-
Net realized loss on derivative instruments (Note 8)	(480,224)	(1,834,139)	(526,131)	(177,111)	-
Change in unrealized gains on derivative instruments (Note 8)	329,434	1,112,048	357,433	131,679	-
	468,771	**449,007**	**157,838**	**48,873**	**164**

(expressed in U.S. dollars)

12 Related party transactions

During the year ended May 31, 2018, the Core incurred the Trustee and Enforcer fees of $25,000 on behalf of the Trust.

During the year ended May 31, 2018, key management compensation consisted of salaries and expenses amounting to $492,032 for three employees which are included within administration expenses.

13 Administrative expenses

Administration expenses comprise:

	Core	EQ/TC SP	XSR SP	LPC SP	CA SP
	$	$	$	$	$
Audit and other professional fees	111,786	68,750	46,750	-	2,750
Captive management fees	79,800	53,200	15,000	-	12,000
Consultancy fees	14,750	-	-	-	-
Board and executive management remuneration	743,134	-	-	-	-
Directors' and Officers' insurance	23,719	-	-	-	-
Legal fees	11,673	940	2,301	-	2,009
Government fees	17,017	1,499	279	279	279
Meeting expenses	168,596	-	-	-	-
Publicity, conferences & workshops	188,804	-	-	-	-
Trust expenses (Note 12)	25,000	-	-	-	25,837
Calculation Agency Fees & Licence Fees	-	143,000	90,000	-	12,000
Research and development	203,580	-	-	-	-
Sundry expenses and bank charges	29,083	4,329	2,555	966	2,285
	1,616,942	271,718	156,885	1,245	57,160

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.

(expressed in U.S. dollars)

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 & CA EQ/TC SPHERA Model	Total
Cost:	$	$	$	$	$	$	$
Balance carried forward at May 31, 2017	180,000	379,755	430,000	254,000	670,000	250,000	2,163,755
Additions during the year	-	-	-	286,000	-	950,000	1,236,000
Balance carried forward at May 31, 2018	180,000	379,755	430,000	540,000	670,000	1,200,000	3,399,755

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, 2017	126,000	379,755	207,000	23,700	61,833	-	798,288
Amortisation charge for the year	18,000	-	30,500	25,400	67,000	-	140,900
Balance carried forward at May 31, 2018	144,000	379,755	237,500	49,100	128,833	-	939,188
Net book value at May 31, 2018	36,000	-	192,500	490,900	541,167	1,200,000	2,460,567

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.

(expressed in U.S. dollars)

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

During the year ended May 31, 2018, the following transactions occurred between the Segregated Portfolios:

	Core $	EQ/TC SP $	XSR SP $	CA SP $
Premiums received in advance by the Core, on behalf of EQ/TC SP	(1,000,396)	1,000,396	-	-
Premiums received in advance by EQ/TC SP, on behalf of XSR SP	-	(648,427)	648,427	-
Donor fund income from World Bank received by the Core, on behalf of XSR SP	(7,182,940)	-	7,182,940	-
Donor fund income from World Bank received by the Core, on behalf of CA SP	(745,945)	-	-	745,945
Participation fee deposit received by the Core, on behalf of CA SP	(2,300,000)	-	-	2,300,000
Total due (to)/from Core/Segregated Portfolios	(11,229,281)	351,969	7,831,367	3,045,945

During the year ended May 31, 2018, participation fee deposits of $75,000 held within EQ/TC SP were transferred to XSR SP and offset against Income from parametric insurance contracts for one participating country.

During the year ended May 31, 2018, 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 $485,000 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.

(expressed in U.S. dollars)

17 Certain risks and financial instruments (continued)

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, 2018 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.

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 futures foreign exchange contracts may be entered to. Futures foreign currency contracts result in exposure to currency risks to the extent of any mismatch between foreign exchange futures contracts and the corresponding financial instruments denominated in foreign currencies. Foreign currency futures 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 futures foreign exchange contracts will fluctuate as a result of changes in the corresponding market rate of exchange. See Note 8 for details of futures foreign exchange contracts entered into during the period.

(expressed in U.S. dollars)

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, 2018 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, 2018, 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.

(expressed in U.S. dollars)

17 Certain risks and financial instruments (continued)

j. Options (continued)

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 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, 2018 to September 13, 2018, 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.

SUPPLEMENTAL INFORMATION
CCRIF SPC

Balance Sheet

For the year ended May 31, 2017

(expressed in U.S. dollars)

	Core $	EQ/TC SP $	XSR SP $	LPC SP $	CA SP $
Assets					
Cash and cash equivalents	2,996,744	5,371,300	4,803,867	496,771	1,152,035
Investments, at fair value	42,428,939	41,494,222	11,110,782	4,648,429	-
Margin collateral for derivative instruments	326,956	1,312,019	339,475	116,751	-
Development costs	1,365,467	-	-	-	-
Accrued interest	313,434	479,549	145,879	50,212	-
Due from Donor Funds	-	-	-	-	641,250
Due from Segregated Portfolios	-	-	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	-	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	-	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	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)	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

SUPPLEMENTAL INFORMATION
CCRIF SPC

Statement of Operations

For the year ended May 31, 2017

(expressed in U.S. dollars)

	Core $	EQ/TC SP $	XSR SP $	LPC SP $	CA SP $
Operating income					
Income from parametric insurance contracts	-	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	-	(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	-	21,363,067	8,102,255	-	1,610,193
Claims recovered on parametric insurance contracts	-	-	(1,102,255)	-	(110,193)
Brokerage, facility supervisor 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 loss	(661,736)	(14,213,587)	(4,530,953)	-	(956,078)
Other income and expenses					
Net investment income	1,945,784	1,590,657	493,222	172,307	152
Income from Donor Funds	-	-	-	-	2,378,750
Amortization of development costs	(168,700)	-	-	-	-
Technical assistance expenses	(679,645)	-	-	-	-
Segregated portfolio rental fees	2,575,000	(1,500,000)	(400,000)	-	(675,000)
Bad debt expenses	-	-	(281,078)	-	-
Administrative expenses	(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

SUPPLEMENTAL INFORMATION
CCRIF SPC

Statement of Changes in Shareholder's Equity

For the year ended May 31, 2017

(expressed in U.S. dollars)

	Share capital $	Non-voting redeemable preference shares $	Share premium $	Retained earnings $	Total $
Core					
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					
Balance at May 31, 2016	-	1	42,499,999	3,858,917	46,358,917
Net loss for the year	-	-	-	(14,229,438)	(14,299,438)
Balance at May 31, 2017	-	1	42,499,999	(10,370,521)	32,129,479
XSR SP					
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					
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					
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

SUPPLEMENTAL INFORMATION
CCRIF SPC

Statement of Cash Flows

For the year ended May 31, 2017

(expressed in U.S. dollars)

	Core $	EQ/TC SP $	XSR SP $	LPC SP $	CA SP $
Operating activities					
Net income/(loss) for the year	1,562,079	(14,299,438)	(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 derivative instruments	203,574	823,761	216,886	73,430	-
Amoritisation 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 specialist fees payable	-	-	-	-	48,305
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 the 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.

NOTES

CCRIF SPC

The Caribbean Catastrophe Risk Insurance Facility

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