



### CCRIF and CDERA Create Partnership for Natural Disaster Management

On Wednesday, August 19, 2009 at the offices of the Caribbean Development Bank in Bridgetown, Barbados the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Caribbean Disaster Emergency Response Agency (CDERA) signed a Memorandum of Understanding (MOU) formalising a partnership to facilitate capacity building and to develop strategies for mitigating the physical and socio-economic impacts of natural disasters, such as hurricanes and earthquakes, on countries in the region. The objectives of the MOU are to promote the use of catastrophe risk modelling tools, to introduce new products and initiatives to assist Caribbean governments in better understanding and financing catastrophe risk exposures and to share information on real time hazard and impact information. Mr. Milo Pearson, Chairman of CCRIF signed on behalf of the Caribbean Catastrophe Risk Insurance Facility while Mr. Jeremy Collymore, Coordinator, CDERA signed for the Caribbean Disaster Emergency Response Agency.



*Dr. Warren Smith, Director of Finance and Corporate Planning at the CDB and Board member of the CCRIF, looks on as Mr. Jeremy Collymore, Coordinator of CDERA and Mr. Milo Pearson, Chairman of the CCRIF shake hands on the signing of the MOU between their two agencies.*

In his remarks, Mr. Pearson said that the CCRIF's participation in this partnership will enable the governments in the region to access financial resources in a timely manner to jumpstart their countries' economic recovery in the aftermath of a major catastrophe disaster. Mr. Collymore added that the Memorandum of Understanding strengthens CDERA's ability to implement the Hyogo Framework for Action that aims to reduce countries' vulnerability to natural hazards. He noted: "the MOU represents the launching of a platform to minimise the hemorrhaging of regional assets, particularly in relation to hydrometeorological hazards."

This MOU is timely as the small island developing states that constitute the Caribbean region are prone to two main global catastrophe hazards, earthquakes and hurricanes. These hazards which often lead to natural disasters have had dire consequences for economic activities, infrastructure, human welfare and natural resource management. Climate change, considered as the most pervasive and truly global of all issues affecting humanity, is likely to increase the incidence of natural disasters by causing extreme weather events to be more intense and to occur more frequently.

### CCRIF Vision Statement

*CCRIF will be a key partner with the Caribbean region in its disaster risk management strategies to support long term sustainable development goals.*

### Mission Statement

*Our Mission is to serve Caribbean governments and their communities in reducing the economic impact of natural catastrophes. We provide immediate liquidity through a range of affordable insurance products in a way that is financially responsible and responsive to their needs.*

#### Inside this issue:

CCRIF Strategic Plan	2
Events	2
About CCRIF	3
Excess Rainfall Product	3
Climate Change	4

# CCRIF Strategic Plan 09/10-11/12...towards serving the needs of our members better

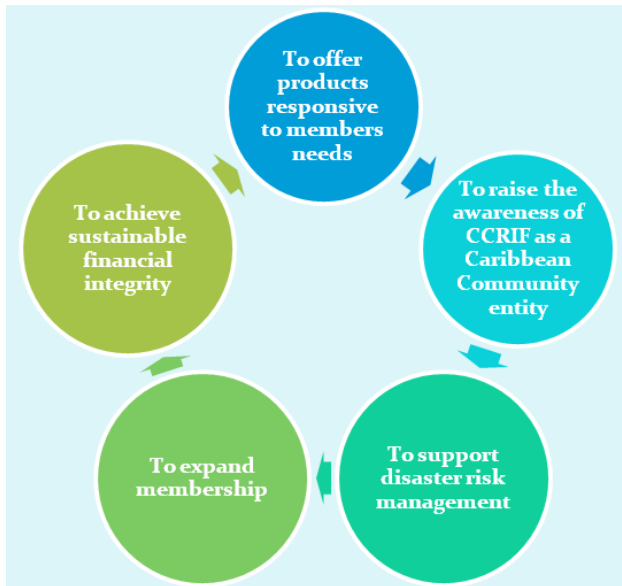
In the fiscal year 2008/09, the Board of Directors and the CCRIF team engaged in a strategic planning exercise to chart the way forward for the organisation over the next three years to 2012. This effort resulted in the development of the following organisational tools:

1. Vision and Mission Statements
2. Customer Value Proposition
3. External and Internal Scan of the Organisation

4. Strategic Objectives, Metrics and three-year Targets
5. Strategic Initiatives and Action Plans

### Strategic Initiatives and Action Plans

Over the three year period, various initiatives and actions will be implemented to support the achievement of CCRIF’s mission. Some of these initiatives, actions and/or intended results include:



CCRIF Strategic Objectives

Specific Initiatives	Associated Actions/Intended Results
Develop a marketing plan	Prepare material for new modelling and coverage Organise forums to meet with clients Specific outreach to Guyana, BVI, Suriname and Montserrat
Operational efficiencies and internal controls	Update operations manual World Bank operational review
Product development	Execute rainfall implementation plan Presentation to reinsurers
Pricing and financial stability policy	Develop guidance document for maintaining financial sustainability through a structured pricing and solvency testing mechanism
Communications plan	Develop communications plan

## CCRIF Calendar of Events

CCRIF participated in various events during the past few months. Some of these included:

- Seismic Mitigation in the Caribbean Region (SEISM CARE) assembly, June 2009
- AOSIS Negotiators Preparatory Meeting for COP15, July 2009
- Economics of Climate Adaptation Summit, July 2009
- Signing of Memorandum of Understanding between CCRIF and CDERA, August 2009

### Some Upcoming Events:

- Caribbean Media Exchange Conference (CMEx), December 4 - 7, 2009, St. Lucia
- CDEMA Conference on Comprehensive Disaster Management, December 7 - 11, 2009, Montego Bay, Jamaica
- Copenhagen United Nations Climate Change Conference, December 7 - 18, 2009
- Signing of MOU between CCRIF and UWI, Jamaica, December 2009

## The Caribbean Catastrophe Risk Insurance Facility

CCRIF is the first multi-country risk pool in the world, and is the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. It is a regional catastrophe fund for Caribbean governments designed to limit the financial impact of devastating hurricanes and earthquakes by quickly providing financial liquidity when a policy is triggered. It provides Caribbean governments the unique opportunity to purchase earthquake and hurricane catastrophe coverage with the lowest-possible pricing. CCRIF represents a paradigm shift in the way governments treat risk, with Caribbean governments leading the way in pre-disaster planning. During 2008/09 CCRIF paid out approximately US\$6.3M to the Turks and Caicos Islands in the aftermath of Hurricane Ike.

### Board of Directors:

- Milo Pearson, Chairman
- Isaac Anthony, CARICOM appointed board member
- Dr. Warren Smith, Caribbean Development Bank appointed board member
- Garry Wilkins, Board Member
- Ken Blakeley, Board Member

## Update on the Excess Rainfall Product

CCRIF has contracted Caribbean Institute for Meteorology and Hydrology (CIMH) and Kinetic Analysis Corporation (Kinanco) to develop and test a parametric excess rainfall insurance product for catastrophic flood coverage in the region. The rainfall product is of particular interest in the agriculture sector, where index insurance is seen as a potential solution to achieving cost-effective insurance programmes for the region's agricultural industry since traditional insurance products are either too expensive for most farmers or require unsustainable government subsidies.

The excess rainfall product will utilise a modelled rainfall index developed within the second-generation modelling framework. A proof of concept has been completed, and comprehensive testing of the concept was undertaken during the summer of 2009, alongside outreach activities designed to ensure client feedback and reinsurer familiarity. Efforts are now being concentrated on testing the performance of different methodology options with an aim to have an operational system and initial products in place by late 2009 or early 2010.

## The CCRIF Model - Presented as a Climate Change Adaptation Strategy...in "Climate Sense"

The publication, *Climate Sense*, was launched at the World Climate Conference 3 (WCC-3) on August 31, 2009. At the launch, Mr Hong Yan, Deputy Secretary General of the World Meteorological Organisation, noted that through its sharing of best practices across a variety of disciplines and sectors, *Climate Sense* is indeed a significant resource to support the Global Framework for Climate Services coming out of the WCC-3. CCRIF contributed a chapter to *Climate Sense*, describing the CCRIF model as an innovative risk transfer option that can be included in adaptation strategies for small island states vulnerable to hurricanes and earthquakes.



The article explains that CCRIF's recent development of its own catastrophe modelling platform – with the help of Kinetic Analysis Corporation (Kinanco) – broadens the scope of potential financial instruments which could be made available for risk management and mitigation in both the public and private sectors.

## CCRIF Contributes to International Climate Change Discussions

In the past few months, CCRIF has been represented at a number of regional and international fora to discuss the issue of climate change and possible adaptation strategies. These interventions are timely as all nations prepare for COP15, the Copenhagen United Nations Climate Change Conference in December 2009. Copenhagen 2009 is the last opportunity for the governments of the world to formulate a new protocol to address climate change before the Kyoto Protocol ends in 2012. CCRIF's participation in these events has provided an opportunity for the CCRIF model to be integrated into the comprehensive disaster management framework of the region and also to be shared with other areas and adapted for other small island states. CCRIF's recent involvement in global climate change discussions are described briefly below.

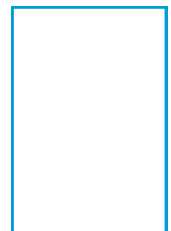
- **Caribbean Development Bank (CDB) Board of Governors' meeting**, May 2009 - A presentation and accompanying briefing document entitled "Climate Change and Caribbean Economies: Implications, Adaptation and Risk Management" provided a platform to examine ways in which the region can implement best practice in sovereign risk management to continue in the proactive management of natural hazards risks.
- **AOSIS Negotiators Preparatory Meeting for COP15**, July 2009 - Caribbean Risk Managers (CaribRM), Facility Supervisor of CCRIF assisted the Alliance of Small Island States (AOSIS) climate change negotiating team in finalising the AOSIS position leading up to Copenhagen 2009. This meeting formed part of the ongoing and intensive work of AOSIS in lobbying for enhanced global action on climate change.
- **Economics of Climate Adaptation Summit**, July 2009 - CaribRm presented CCRIF as a unique risk transfer agent, offering instruments that can be a key part of a country's risk management framework, helping the country to become more climate resilient. The innovative CCRIF model would be a valuable addition to the new protocol on climate change.
- Contribution of a chapter on CCRIF to the publication *Climate Sense*, August 2009



### Sixteen governments are currently members of CCRIF:

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

Caribbean Catastrophe Risk Insurance Facility  
3rd Floor Harbour Place, 103 South Church Street  
P.O. Box 2171, George Town, KY1 - 1105  
Grand Cayman



**For additional information, visit our website at [www.ccrif.org](http://www.ccrif.org) or email us at [pr@ccrif.org](mailto:pr@ccrif.org)**