



CCRIF News

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

CCRIF Provides Support to Jamaica in its Recovery Efforts Following Hurricane Sandy

On Friday April 12, 2013 the Government of Jamaica and the Caribbean Catastrophe Risk Insurance Facility (CCRIF) signed a Memorandum of Understanding, formalising a donation of US\$100,000 made by CCRIF to the Government of Jamaica to support Jamaica's post-disaster recovery and restoration initiatives following the passage of Hurricane Sandy in October 2012.

The signing took place at the Ministry of Finance and Planning in Kingston, Jamaica with Dr. the Hon. Peter Phillips, Minister of Finance and Planning and Mr. Isaac Anthony, CEO of CCRIF, signing on behalf of the two parties.

Jamaica's hurricane policy with CCRIF did not trigger after Hurricane Sandy because losses were below the policy's attachment point or "deductible". In his remarks at the signing ceremony, Mr. Anthony pointed out that "when a CCRIF policy is triggered it usually represents severe impacts with much death and destruction, because risk transfer represents that component of a country's disaster strategy that comes into play when losses are so extreme that usual national budgets are not able to address the extent of losses." He stated that, as a region, "We believe that the CCRIF model, as an innovative risk transfer option, has an important role to play in disaster risk management strategies for Caribbean countries vulnerable to hurricanes and earthquakes."



CEO of CCRIF, Mr. Isaac Anthony, 3rd right, presents a cheque for US\$100,000 to Mrs. Carla Francis-Edie, Chief Executive Officer, Child Development Agency. Others in photo are (L-R), Mr. Sydney Bartley, Acting Permanent Secretary, Ministry of Youth and Culture; Mr. Devon Rowe, Financial Secretary, Ministry of Finance and Planning; Mr. Ivan Carter, VP, Sagikor Jamaica, Insurance Manager, CCRIF; Mr. Ken Blakely, Board Member, CCRIF; and Dr. Simon Young, CEO, Caribbean Risk Managers, Facility Supervisor, CCRIF

Within a month after the passage of Sandy, CCRIF began discussions with the Government of Jamaica to explore

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Feature Article: CCRIF CEO on "The Hazard Landscape of Small States and the Role of Risk Financing in Reducing Vulnerability to Natural Hazards"

CCRIF CEO, Mr. Isaac Anthony, delivered a presentation at the recently held Commonwealth and Francophonie Outreach session on Infrastructure at the G20 Development Working Group at the International Monetary Fund Headquarters in Washington, DC.

See excerpts from this speech on pages 4 & 5

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CCRIF and the Caribbean Development Bank Host Strategic Donor Meeting

The Caribbean Development Bank (CDB) and CCRIF hosted a strategic donor meeting at the offices of the CDB in Barbados on March 6, 2013 to discuss ways to support CCRIF's new excess rainfall product and to coordinate with donors' disaster risk management initiatives in the region.

In his opening remarks, CDB President Dr. Warren Smith indicated that the CDB was pleased to facilitate the discussion aimed at increasing cooperation among CCRIF, donors and regional organisations "in enhancing the disaster risk management capacity of the region as a whole and coordinating efforts in keeping with the Paris Declaration on Aid Effectiveness."

The meeting brought together international development partners including the UK Department for International Development, United Nations Development Programme, Canadian International Development Agency, Inter-American Bank, and the European Union among others. Regional institutions represented included the Caribbean Institute for Meteorology and Hydrology, Caribbean Disaster and Emergency Management Agency and the Caribbean Community Climate Change Centre. Other participants included His Excellency Ambassador Appio Claudio Muniz Acquarone of Brazil and Mr. Yu Bu, Alternate Director for China to CDB and First Secretary of the People's Republic of China to Barbados.

Donors have played a key role in helping CCRIF to meet its key objective of providing a cost-effective way to pre-finance short-term liquidity after a catastrophic event, allowing governments to begin recovery efforts immediately. A good example of this was the US\$ 8 million payout made to Haiti 14 days after the devastating 2010 earthquake. This payout – which came before any other direct donor support – enabled the Haitian public sector and emergency services to continue to function in the weeks and months after the earthquake. By contributing towards the capitalisation of CCRIF, donors indirectly helped the Facility to reduce its expenditures on reinsurance, increase its financial security, and decrease the premium charged to member countries.

One of the main items of discussion was CCRIF's new coverage option, the CCRIF/Swiss Re Excess Rainfall product, which is now being made available to all CARICOM countries. Discussions focused on potential donor support to enable Caribbean countries at risk from extreme rainfall to take advantage of this innovative product.



The meeting brought together international development partners as well as representatives of regional organisations.



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

Commitments emerging from the meeting:

- Donors committed to examine how they could support the roll-out of the CCRIF/Swiss Re Excess Rainfall product.
- CCRIF agreed to assist donors with helping governments to better understand the role of parametric insurance in disaster risk management and the importance of engaging in wider disaster risk reduction activities beyond insurance/risk transfer.
- The Inter-American Development Bank will seek to enhance its partnership with CCRIF in developing a technical cooperation initiative that would be designed to help countries better understand and assess their risks from natural disasters and help them find ways to incorporate these risks into national decision making and planning.
- CCRIF committed to organise a regional meeting of key stakeholders and donors on the concept and implementation of a 'Country Risk Officer' initiative – specially designated government officers who would act as a central point of contact for coordinated disaster risk management in their country.

CCRIF Events and Happenings... some snapshots

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CCRIF CEO makes courtesy call on UWI, Mona

CCRIF Chief Executive Officer, Mr. Isaac Anthony (left) and University Registrar, Mr. Clement Iton (right), exchange annual reports of their organisations at a recent meeting in Jamaica. Since the launch of the UWI-CCRIF scholarship programme in 2010, CCRIF has provided 14 UWI students with scholarships.

CCRIF CEO, Mr. Isaac Anthony (2nd right) had the opportunity of meeting two of CCRIF's scholarship recipients for 2012/13, Herona Thompson (3rd left) from Jamaica and Carina Rouse (1st right) from Anguilla, both reading for Geography degrees at the University of the West Indies, Mona Campus. Also in the photo are UWI Registrar, Mr. Clement Iton (1st left) and Dr. Angella Stephens (2nd left) from the UWI undergraduate scholarship department.



CCRIF in collaboration with the Caribbean Development Bank (CDB) hosted a Strategic Donor Meeting in support of CCRIF at the offices of the CDB in Barbados on March 6, 2013

Mr. Yu Bu (left), Alternate Director for China to CDB and First Secretary of the People's Republic of China to Barbados discusses DRM issues with finance specialist Mrs. Desirée Cherebin, Caribbean Development Bank-nominated board member of CCRIF.

Mr. Milo Pearson (right), Chairman of CCRIF received the 2013 Outstanding Captive of the Year Award on CCRIF's behalf at CICA's International Conference in California on March 11, 2013. The award was presented by the Board's Immediate Past Chairman, Mr. Dirk Heim (centre), of Sierra Land Group, Inc., Glendale. Also in the picture is Mr. James Rawcliffe (left), Vice President of Saigcor Insurance Managers Limited, CCRIF's Insurance Manager.



CCRIF receives Captive Insurance Companies Association's (CICA's) 2013 Outstanding Captive of the Year Award

On April 12, 2013, CCRIF CEO, Mr. Isaac Anthony (2nd left), met with Dr. Peter Phillips (2nd right), Minister of Finance and Planning. Also in the picture are: Dr. Simon Young (left), CEO, Caribbean Risk Managers, CCRIF's Facility Supervisor, and Mr. Devon Rowe, Financial Secretary, Ministry of Finance and Planning, Jamaica.

CCRIF CEO makes courtesy call on Jamaica's Minister of Finance and Planning



The Hazard Landscape of Small States and the Role of Risk Financing in Reducing Vulnerability to Natural Hazards

Excerpts from Lead Discussant Remarks made by CCRIF CEO, Mr. Isaac Anthony at the Commonwealth and Francophonie Outreach with the G20 Development Working Group, in Session 3 on Infrastructure at the International Monetary Fund, in Washington, DC on April 21 2013

Vulnerability of Small States

Small states – especially small island developing states (SIDS) – are particularly vulnerable to natural hazards. Small states have intrinsic economic, environmental and social vulnerability due to their small size, a limited natural resource base, significant competition between different kinds of land use, a high level of dependence of major economic sectors on the natural environment, fragile ecosystems, and many have limited institutional capacity and low levels of insurance coverage. Additionally, small island states have a high concentration of people and infrastructure located in the coastal zones, further increasing their vulnerabilities to hydro-meteorological events and climate change.

Natural hazards continue to have an inordinate impact on the economies of SIDS, many of which depend on tourism and agriculture as their main economic drivers. A case in point is Hurricane Ivan, which caused billions of dollars of losses across the Caribbean in 2004. Regional losses totalled over US\$ 6 billion for that event – reducing economic growth prospects and creating a cycle of poverty. By contrast, Hurricane Katrina, which devastated the US states of Louisiana and Mississippi in 2005 and is acknowledged to be the costliest natural disaster in US history, caused damages that represented only 1-2% of the US national GDP for that year and about 30% of Louisiana's annual GDP. Furthermore, while Katrina contributed to a short-term in reduction in GDP growth at the national level, within six months national GDP growth had increased.

The Caribbean Catastrophe Risk Insurance Facility provides hurricane and earthquake insurance for 16 Caribbean governments. In fact, it was Hurricane Ivan and the level of devastation wrought throughout the Caribbean that led to the formation of CCRIF. CCRIF is the world's first multi-country risk pool providing parametric insurance and was designed to limit the financial impact of catastrophic hurricanes and earthquakes by quickly providing short-term liquidity when a policy is triggered.

CCRIF is an example of a risk transfer mechanism, and

such mechanisms are becoming increasingly important and a key and indispensable component of economic policy and DRM strategies as countries seek to grow their economies, reduce poverty and become internationally competitive.

There are social conditions common in small states which further increase their vulnerability to natural hazards. For example, rapid and unplanned urban expansion can result in inadequately constructed and dense dwellings, and the growth of informal settlements in locations on steep hill-slopes and river banks increases the number of people who are particularly vulnerable.

Many small island states have inadequate development planning and standards and in some cases, building codes are non-existent or the laws governing these codes are outdated. In addition, even where building codes exist there may be a lack of adequate enforcement.

Long-term Financing for Building Resilience

Small states throughout the world have been developing disaster management strategies in an attempt to reduce their vulnerability to natural hazards. In this regard, the role of sustainable sources of long-term finance in building resilience against catastrophic events cannot be over-emphasised. The international community has recognised this, for example, in their discussions on climate change solutions. Historically, the discussion around climate change has mainly been focused on mitigation – reducing factors that contribute to climate change. However, there has been a significant increase in focus and funding for adaptation measures. In the past, less than 20% of overall climate change finance has been geared towards adaptation. This is certainly changing. The Copenhagen Accord called for fast-start funding of US\$ 30 billion between 2010 and 2012, to be divided appropriately between adaptation and mitigation. Also, the Commonwealth countries recently agreed to allocate 50% of their fast-start funding (US\$ 2.7 billion) to adaptation activities and Germany planned to allocate around 30% of its fast-start funding (US\$ 5.4 billion) to adaptation, compared to a previous share of 20%.

Disaster risk management initiatives are an important part of a country's climate change adaptation portfolio – especially for small island states. These initiatives can be clustered into two main groups: risk mitigation (or reduction) and risk transfer. Risk mitigation includes measures aimed at reducing damage such as building dykes, retrofitting buildings and enforcing building codes. Risk transfer solutions, such as catastrophic risk insurance, are measures aimed at limiting the financial impact for people affected, by distributing the risk to other players in the market, and are particularly effective in the case of low-frequency and high-severity events.

While reducing current and future risk must be a priority, there is a threshold at which investment in risk transfer is more cost-efficient than risk reduction. This threshold varies from country to country. For example, in some countries only a small share of the expected loss can be expected to be averted cost-effectively using risk mitigation measures. To address the risk beyond this level, it may be economically more effective to purchase a risk transfer solution than to implement further risk mitigation measures. Each country must decide the proportion of its risk management portfolio which should be based on risk mitigation and on risk transfer.

Disaster-resilient Infrastructure

Infrastructure is increasingly seen as a vehicle for transforming low-income and middle-income countries. “Transformative infrastructure” has emerged as an agent of change for countries facing rapid urbanisation, catastrophic natural disasters, the threat of a changing climate, and environmental degradation. Development of infrastructure such as power grids, water systems, roads, airports and ports should be implemented using a multi-sectoral approach. For example, building codes could be developed to create buildings that are disaster-resilient, energy efficient and safe – meeting goals related to disaster management, energy, environment, health and the economy and involving decision makers and planners in those sectors.

There is a range of infrastructure interventions that can help to prevent or reduce damage caused by natural hazards. These interventions include: coastal and/or inland zoning, reef revival, mangrove revival, coastal and/or inland flood-proofing, sea walls, breakwaters, mobile barriers, coastal drainage, coastal and/or inland

flood adaptation, building codes, and modification of existing buildings. Just as countries must determine their risk transfer to risk mitigation ratio, they must also select which infrastructure interventions are the most appropriate, based on the country's specific risk profile and development priorities.

The success of CCRIF has catalysed other initiatives to bring innovative risk transfer solutions to other sectors of industry and the population at particular risk, for example in the agricultural sector and to support micro-finance lending.

South-South dialogue is critical. One significant initiative, the South-South Cooperation between Pacific and Caribbean SIDS on Climate Change Adaptation and Disaster Risk Management initiative, has been established to provide an opportunity to exchange ideas, experiences and best practices between SIDS in the Pacific and the Caribbean. The goal is to find suitable solutions and replicate best practices for addressing the various threats posed by climate change and natural hazards. This provides an opportunity for insurance tools to be discussed within the larger framework of disaster risk management.

In fact, discussions on multi-country risk pools and instruments – similar to CCRIF – have already taken place with other regions. Efforts to draw up a similar insurance scheme for island nations in the Pacific and Indian oceans are underway and the African Risk Capacity project, which consists of a continental index-based weather risk insurance pool and early response mechanism, draws on the CCRIF model and experiences.

Recommendations for G20 interventions

I would like to propose these recommendations for G20 interventions and hope that we can discuss them further and also to come up with some additional ideas.

- Support may include helping already stretched countries to finance their risk transfer premiums, enabling countries to retain or obtain insurance. This is important because risk transfer represents that component of a country's disaster strategy that comes into play when losses are so extreme that usual national budgets are not able to address the extent of losses. In other words, risk transfer

CCRIF Events and Happenings... *some snapshots*

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**CCRIF meets with Barbados
Ministry of Finance and
Economic Affairs on March 5,
2013**

*Standing L to R: Mr. Martin Cox,
Permanent Secretary – Finance;
Mr. Milo Pearson, CCRIF
Chairman; Dr. Simon Young,
CEO Caribbean Risk Managers,
CCRIF Facility Supervisor; Mr.
Isaac Anthony, CCRIF CEO.
Seated L to R: Ms. Avonda
Carrington, Chief Management
Accountant, Ms. Annette Weeks,
Deputy Permanent Secretary –
Administration; Ms. Nancy
Headley, Deputy Permanent
Secretary – Budget; and Ms.
Joanne Mings, Administrative
Officer*

The purpose of the meeting was to:

- *Update the Government on the Facility and introduce the new CEO*
- *Discuss the renewal of CCRIF policies for 2013 - 2014*
- *Present the new CCRIF/Swiss Re excess rainfall product*
- *Inform the Government about how CCRIF's technical assistance programme might be accessed to support disaster risk reduction and management programmes*
- *Obtain the country's perspectives and input into the future growth and development of CCRIF*

**CCRIF visits reinsurers in
March 2013 to prepare for
2013 policy renewals – as part
of CCRIF's annual
"reinsurers roadshow"**



*At a meeting with Dr. Camillo
Khadjavi, Executive Client Manager
for Munich Re's Latin America North
and Caribbean Operations (far right)
are (L-R): Dr. Simon Young, CEO,
Caribbean Risk Managers, Facility
Supervisor for CCRIF; Mr. Isaac
Anthony, CCRIF CEO; and Mr. Peter
Hollom, Managing Director, Latin
America & Caribbean, Guy Carpenter,
Placing Broker for CCRIF*

About CCRIF

CCRIF is a risk pooling facility, owned, operated and registered in the Caribbean for Caribbean governments. It is designed to limit the financial impact of catastrophic hurricanes and earthquakes to Caribbean governments by quickly providing short-term liquidity when a policy is triggered. It is the world's first and, to date, only regional fund utilising parametric insurance, giving Caribbean governments the unique opportunity to purchase earthquake and hurricane catastrophe coverage with lowest-possible pricing. CCRIF represents a paradigm shift in the way governments treat risk, with Caribbean governments leading the way in pre-disaster planning. CCRIF was developed through funding from the Japanese Government, and was capitalised through contributions to a multi-donor Trust Fund by the Government of Canada, the European Union, the World Bank, the governments of the UK and France, the Caribbean Development Bank and the governments of Ireland and Bermuda, as well as through membership fees paid by participating governments.

Lead Story continues...

CCRIF Supports Jamaica in its Rehabilitation Efforts following Hurricane Sandy

ways in which the Facility could provide assistance for the country's recovery efforts. Based on discussions with Jamaica's Ministry of Finance and Planning, the Office of Disaster Preparedness and Emergency Management (ODPEM) and other stakeholders, an agreement was reached to use the funds to support the rehabilitation of two residential childcare facilities – Muirton and Summerfield – which were damaged by the hurricane. Muirton and Summerfield Childcare Centres provide homes and opportunities to create successful, independent futures for 43 Jamaican boys between the ages of 7 and 18. The funds will help to ensure that the facilities are rehabilitated in a manner that will enable them to withstand future hurricane impacts so that they will continue to provide the shelter and services that the boys need.

Similar donations will be provided to Haiti and the Bahamas, two other CCRIF member countries which were badly affected by Hurricane Sandy.



Damage to the roof of the Muirton Childcare Facility following the passage of Hurricane Sandy in October 2012

CCRIF Implements 2013 Extra-Regional Scholarship Application Process

On March 25, 2013, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) opened its 2013 Extra-Regional Scholarship application process.

Through its Scholarship/Professional Development Programme of the wider Technical Assistance (TA) Programme, CCRIF is providing a maximum of two scholarships annually for citizens of CARICOM member countries or CCRIF member countries who are desirous of pursuing a Masters or an MBA programme in one of the areas identified below which are not available at regional universities but which are available at universities in the United Kingdom, United States or Canada:

- (Catastrophe) Risk Management
- Property/Casualty Insurance
- Climate Change
- Other hazard/disaster related disciplines
- MBA programme with a major in risk management and/or insurance or a related field

The scholarships are valued at a maximum of US\$40,000 each and are specifically for those applicants who would have gained admission to a Masters level programme or an MBA programme fitting the eligibility criteria presented above.

Last year, CCRIF provided two extra-regional scholarships to students to pursue a Masters in Public Administration in Environmental Science and Policy at Columbia University in the USA and an MSc in Climate Change and Development at the University of Sussex in the UK.

CCRIF's TA Programme has been developed to help countries in the region deepen their understanding of natural hazards and catastrophe risk and the potential impacts of climate change. The scholarship component of the TA programme is designed to assist with the creation of a cadre of professionals who can play a key role in developing national and regional strategies that will lead to improved disaster risk management and increased climate change resilience.

Since 2010, CCRIF has awarded nineteen scholarships to students either through its Extra-Regional Scholarship Programme, its University of the West Indies (UWI)-CCRIF scholarship programme or through its cooperation with member countries and regional organisations. Total disbursements to date are in excess of US\$200,000.

The applications period ended on April 25, 2013 and CCRIF will announce the successful applicants in June 2013.



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represents rare events – for example, hurricanes that will occur of such magnitude only once every 15 years or earthquakes once in every 20 years. SIDS in the Caribbean – and other regions – are in urgent need of assistance to finance premiums as they struggle to recover from the negative impact of the recent global economic and financial crisis. Some governments are already receiving this support – for example, Haiti, whose premiums for its CCRIF hurricane and earthquake policies are paid by the Caribbean Development Bank and who benefited from a quick payout on its earthquake policy after the devastating earthquake in 2010. Other small island states would benefit greatly from similar arrangements.

- Providing support to countries to develop and implement DRM strategies that will help to reduce their vulnerabilities.
- Supporting studies which advance the state of knowledge and increase availability of and access to data related to disaster risk management. This will address a key gap – the scarcity of locally relevant data – in disaster management programmes in many small island states.
- Providing technical assistance and supporting capacity development of disaster management professionals in small states. This will increase local expertise in developing and implementing appropriate disaster risk management programmes.
- Facilitating sharing of experiences and lessons learned - for example, through international forums such as UN conventions etc. Not only is South-South dialogue important, but also discussion with countries which could provide financing, ultimately leading to long-term solutions.

Update on CCRIF Policy Renewals 2013/14

Preparations continue towards finalising details related to the 2013/2014 Tropical Cyclone (TC) and Earthquake (EQ) policies as described below:

- CCRIF's reinsurers have reviewed the updated MPRES model base and risk profiles underpinning the TC and EQ policies. It is anticipated that the 2013/2014 policies will incorporate the updates.
- The CCRIF Board examined the option to lower the minimum attachment point for Tropical Cyclones from a fifteen-year to a ten-year return period, which would provide countries with more flexibility in coverage options.
- CCRIF is examining the provision of a premium discount for 2013/2014 policies if 2012/13 remains claims-free.



Sixteen governments are currently members of CCRIF:

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

Published by: Caribbean Catastrophe Risk Insurance Facility (CCRIF)

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