



CCRIF News

CCRIF, A NOT-FOR-PROFIT COMPANY, IS THE FIRST AND ONLY
MULTI-COUNTRY PARAMETRIC RISK POOL IN THE WORLD

CCRIF TO OFFER PREMIUM REBATE TO MEMBER COUNTRIES FOR 2012-2013 POLICY YEAR

The Caribbean Catastrophe Risk Insurance Facility (CCRIF) will be offering its member countries a premium rebate for the 2012-2013 policy year. This comes on the heels of a quiet 2011-2012 policy year in which none of the policies held by member countries have yet been triggered by an event.

Focussed on reducing the overall premium cost to members, the CCRIF Board agreed that for years of minimal or no loss to CCRIF's portfolio, a proportion of underwriting profit will be returned to clients in the form of a discount on the next year's premium. In this way, the 'good' year for CCRIF is immediately reflected in a one-off discount to clients whilst maintaining the stability of the long-term premium rate. Member countries will therefore benefit from a discount on their 2012-2013 premium equal to 25% of the premium paid in the previous policy year (2011-2012).

Mr. Isaac Anthony, Permanent Secretary in the Ministry of Finance, Saint Lucia and who was nominated by CARICOM to CCRIF's board to represent the views of client governments, said that *"this initiative provides a tangible benefit to CCRIF's members if payouts during the prior year result in a significant underwriting profit, while fully maintaining CCRIF's sound*

The Caribbean governments' insurance fund for hurricanes and earthquakes

financial position and its unparalleled ability to pay the claims of its members."

Based on internal analyses conducted, this 25% rebate provides a tangible savings for clients after a good underwriting year for CCRIF, while minimising the circumstances under which CCRIF would either have to increase its base premium funding level or raise capital. CCRIF will be encouraging member governments to use the savings either to purchase additional coverage from CCRIF or for other disaster risk management priorities.

SPECIAL FEATURE: Stakeholder Analysis of CCRIF's Operations

Between October and December 2011, CCRIF undertook a stakeholder analysis of its operations. A Report, "CCRIF – A Stakeholder Analysis" was prepared from information obtained through a Beneficiary Assessment of CCRIF undertaken by the World Bank in June 2011. CCRIF expanded on the results of the Beneficiary Assessment to determine, based on members' and stakeholders' views, how to enhance its operations to meet the needs of its members and stakeholders, while at the same time achieving the vision and mission of the Facility. *See details on pages 4 and 5.*

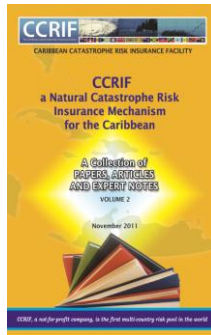
In this issue

Stakeholder Analysis of CCRIF
Recent CCRIF Publications
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a CCRIF Policy
WFCP Conference
Update on RTFS Usage and
Developments

A Spotlight on CCRIF's Newest Publications

Over the period, September to December 2011, CCRIF produced three new publications. A synopsis of each is presented here.

CCRIF: A Natural Catastrophe Risk Insurance Mechanism for the Caribbean: A Collection of Papers, Articles and Expert Notes (Volume 2)



This booklet is CCRIF's second publication of technical papers and articles. The first publication of this kind was released two years ago in November 2009.

This publication includes both technical papers and expert notes, some of which are in the form of speeches which were delivered at meetings and conferences addressing disaster risk management and/or climate change issues. These papers, speeches and expert notes are intended to help members to deepen their understanding of natural hazards and catastrophe risk and the potential impacts of climate change on the region.

The technical papers and authors are:

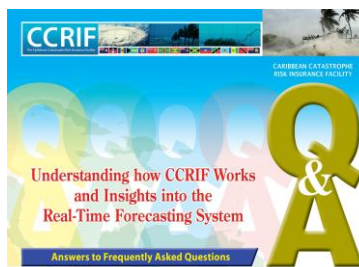
- **Understanding the CCRIF Mechanism and Policies** - Ekhsuehi Iyehen and Simon Young
- **A Tool for Climate Change Adaptation in the Caribbean** - Simon Young, Ekhsuehi Iyehen and Gina Sanguinetti Phillips
- **Helping Caribbean Countries Understand Hurricane Risks and Enhancing their Preparedness during Hurricanes... CCRIF's Real-Time Forecasting System (RTFS)** - Simon Young, Ekhsuehi Iyehen and Elizabeth Emanuel

- **2010 Earthquake in Haiti - Update on Recovery Efforts and Lessons Learned** – Ronald Jackson and Diane Allen West

- Expert notes and speeches are by:
- Mr. Milo Pearson, Executive Chairman, CCRIF
- Mr. Isaac Anthony, Board Member, CCRIF and Permanent Secretary, Ministry of Finance, Saint Lucia
- Dr. Warren Smith, President, Caribbean Development Bank
- Dr. Simon Young, CEO, Caribbean Risk Managers

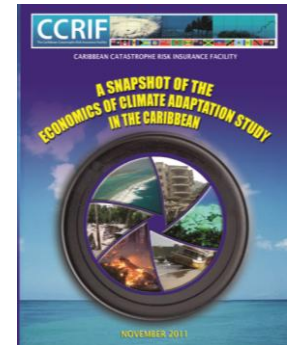
Hot off the Press!!!

Understanding how CCRIF Works and Insights into the CCRIF Real-Time Forecasting System



This booklet is made up of a series of questions and answers about CCRIF and its Real-Time Forecasting System (RTFS). The booklet was compiled from questions that had arisen during the RTFS training sessions which took place in July 2011.

A Snapshot of the Economics of Climate Adaptation Study in the Caribbean



This booklet provides a snapshot of some of the preliminary results of the Economics of Climate Adaptation (ECA) study which was conducted in 2010. In an easy-to-understand manner using graphs, maps and diagrams, the booklet presents the following:

- ECA methodology
- Preliminary results for three of the pilot countries: Bermuda, Jamaica and Saint Lucia
- Analysis of the agriculture sector in Belize
- Case study focusing on salinisation in Jamaica

The booklet can be used by professionals in the disaster risk management arena to quickly demonstrate the value of the ECA study to national and regional decision makers.

The results for all eight pilot countries can be found in another short publication entitled, Enhancing the Climate Risk and Adaptation Fact Base for the Caribbean (Preliminary Results), available on the CCRIF website at:

www.ccrif.org/publications/enhancing-climate-risk-and-adaptation-fact-base-caribbean

CCRIF Calendar of Events

Visit our website at www.ccrif.org to view our calendar of events

Understanding Key Elements of a CCRIF Policy

CCRIF's recently concluded Stakeholder Analysis identified a key stakeholder need to fully re-articulate the meanings of key elements of its hurricane and earthquake policies. In an attempt to build the capacity of its members, CCRIF will, as a regular feature of its newsletter identify key areas in which it can elaborate its work and in so doing address members needs and expectations.

In this issue we will highlight the following key elements of policies and their definitions:

- The CCRIF Parametric Instrument
- Attachment Point
- Exhaustion Point
- Coverage Limit

From the Stakeholder Analysis, 74% of respondents stated that they did not fully understand the key elements in a hurricane or earthquake policy. It is important to CCRIF that members fully understand these elements as it is the countries/members themselves who select these parameters and therefore define the kind of coverage which they purchase.

Understanding the CCRIF Parametric Instrument

A parametric instrument disburses funds based on the occurrence of a pre-defined level of hazard, without having to wait for an on-site loss assessment. This feature is quite different from a traditional indemnity-based insurance product in which claims are paid based on formal confirmation of a loss through on-site verification. For the CCRIF instrument, the payouts which countries receive are made on the basis of event-specific government loss estimates. These loss estimates are derived from a pre-defined model in which inputs of event characteristics from independent agencies are modelled in terms of wind speed and storm surge in the case of tropical cyclones and ground shaking for earthquakes. These hazard levels are then applied to the pre-defined government exposure to produce a loss estimate.

Attachment Point

An attachment point can be described as the minimum severity of the event loss which gives rise to a payment and therefore is the loss value at which the contract is triggered. The attachment point therefore functions like a deductible in a standard insurance policy.

Payouts are made on the policy when the modelled loss for an event in a member country equals or exceeds the attachment point specified in the contract. The policy holder, in CCRIF's case the specific country, covers all losses below the attachment point.

The attachment point applies equally to each individual storm. There is no accumulation of attachments (deductible) from storms for which the modelled loss was less than the attachment point. As the modelled loss increases above the attachment point, the corresponding payout increases up to the exhaustion point (see below for exhaustion point). The current policies issued by CCRIF have a minimum attachment point equivalent to a 1-in-15-year loss for a tropical cyclone and a 1-in-20-year loss for an earthquake. This is the loss amount which is likely to be exceeded only once in fifteen (or twenty) years respectively.

Exhaustion Point

The exhaustion point refers to the severity of the event loss at or above which the maximum payment is triggered. For the 2009-2010 policy year CCRIF member countries selected exhaustion points between 1 in 75 and 1 in 200 year events.

Coverage or Policy Limit

The policy/coverage limit is the difference between the attachment and exhaustion points (exhaustion - attachment) multiplied by the ceding percentage (the amount of risk between the attachment and exhaustion points that the country is transferring to CCRIF).

The coverage limit is the maximum amount that can be paid out under the contract in any one year for any one peril. Payouts for events that have modelled loss that exceeds the exhaustion point are paid out at the coverage limit. The policy limit applies to the full term (one year) of the contract; the total amount paid out under the contract during the one-year period will not exceed the policy limit, whether that policy limit is due to payout from one large event or multiple smaller events that each trigger payments under the contract.

The coverage limit which is selected will depend on the capacity of the country to absorb losses and also what premium it wishes to pay. In the case of tropical cyclones, a payout would depend on the cyclone's wind speed and path relative to the country and on the attachment and exhaustion points and coverage limit that the country has selected. The payout increases as the modelled loss increases, due to higher wind intensity or a closer track (or both) for the storm.

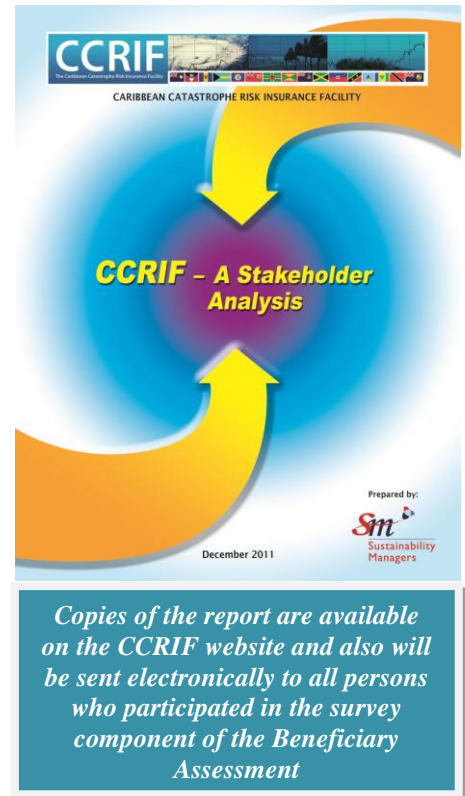
Report on the Stakeholder Analysis of CCRIF

“CCRIF – A Stakeholder Analysis” was prepared by CCRIF from information obtained through a Beneficiary Assessment of CCRIF undertaken by the World Bank in June 2011. This report expanded on the results of the Beneficiary Assessment and sought to examine, based on members’ and stakeholders’ views, whether CCRIF is meeting the needs of its members and stakeholders, and achieving its vision and mission.

The results of the report provide a basis for, and will play a key role in, the formulation of the Facility’s strategic plan for the period 2012 – 2015 by helping the Facility to define its new strategic direction as well as enabling the Board to make better decisions on allocating resources based on members’ analysis of its current performance.

Key Findings of the Beneficiary Assessment

- 100% of respondents were aware of at least one CCRIF product.
- 96% of respondents indicated that CCRIF was definitely a Caribbean entity and an integral part of disaster risk management in the Region.
- 88% of respondents indicated that they were satisfied with the performance of CCRIF and its role in disaster risk management.
- 94% of respondents indicated that CCRIF should cover other hazards such as excess rainfall.
- 68% of respondents indicated that they had a basic understanding of CCRIF policies and parametric policies.
- 74% of respondents did not fully understand the key elements in a hurricane or earthquake policy.
- 88% of respondents felt that CCRIF was providing a good service, while 86% of the respondents indicated that CCRIF represented a real benefit to the governments and peoples of the Caribbean. According to respondents, this was evidenced by: the speedy disbursement of funds to initiate the recovery process in times of a disaster; low levels of bureaucracy; speed in responding to disasters and contacting countries; and uniqueness of products offered; and high levels of information sharing.
- All countries which received payouts indicated that CCRIF was very responsive and it was the first entity to issue payout announcements.
- 64% of respondents indicated that CCRIF has played a critical role in enabling policy makers to assign greater importance to disaster risk management. Respondents indicated that CCRIF has created a mechanism for the alignment of fiscal policy with disaster management objectives.
- 62% of respondents have indicated that CCRIF has played a key role in bringing different, but key players (disaster, environment, meteorology and finance experts) together to discuss disaster risk management.
- 86% of respondents viewed CCRIF’s communication to its stakeholders through newsletters, quarterly and annual reports and other publications to be either excellent or very good.
- 82% of the respondents had heard of the CCRIF Real-Time Forecasting System.



A survey was used as the main mechanism to undertake the Beneficiary Assessment. The survey consisted of a short questionnaire which included 22 questions. One hundred invitations to participate in the survey were issued to:

- Disaster and emergency management officials in CCRIF member countries
- Meteorological officers in CCRIF member countries
- Ministry of Finance officials in CCRIF member countries
- CCRIF country contacts (oftentimes a Ministry of Finance official)
- Representatives from regional organisations (e.g. CCCCC, CARICOM)
- Representatives from non-member countries who have participated in CCRIF professional development activities
- Persons who received CCRIF scholarships

Fifty persons participated in the survey and provided information.

In undertaking the Stakeholder Assessment, a country by country analysis also was completed for CCRIF's sixteen members using the following criteria:

- Usefulness of CCRIF to Caribbean governments
- Adequacy of CCRIF tools to support disaster management in the Caribbean Region
- Adequacy of CCRIF to support countries' fiscal policy management
- Perception of CCRIF and the services that it provides
- Level of awareness and knowledge of CCRIF
- Usefulness of documentation and information on CCRIF provided
- Knowledge and appreciation of importance of CCRIF Technical Assistance Programme to the Region
- Perception of CCRIF's financial stability
- Perception related to adequacy of coverage when a policy is triggered
- Perception related to triggering of policies after an event
- Knowledge and perception of new products to be developed and/or launched by CCRIF

These country reports provided very useful information which will be used by CCRIF to develop specific interventions to meet the needs of individual countries and will be used in the Facility's upcoming strategic planning and work planning processes. These reports also have provided CCRIF with useful background information that will help in setting agendas for meeting with country representatives, during the policy renewal process in 2012.

Key recommendations emerging from the country assessments and for which CCRIF intends to develop the necessary interventions are listed below.

- Utilise the CCRIF training platform to facilitate interactive dialogue with stakeholders. This could create a "community of practice" focusing on risk management and risk reduction, where participants can discuss specific issues and ask questions related to specific aspects of CCRIF, CCRIF policies and disaster risk reduction.
- Develop mechanisms to enable beneficiaries to better understand how policies are triggered, payouts are calculated and the general workings of the Facility, including how policy parameters are decided.
- Provide information through various modalities on the key elements in a hurricane or earthquake policy - attachment point, exhaustion point, ceding percentage.
- Provide more in-depth training on the working of parametric insurance for CCRIF stakeholders who do not in their day-to-day operations deal with insurance.
- Create more strategic alliances with regional organisations.
- Enable countries to have an input in the development and review of country risk profiles before the policy renewal process.
- Increase in-country meetings and workshops to enhance understanding of CCRIF.
- Establish links from Caribbean organisations to the CCRIF website.

The full Stakeholder Analysis report is available on the CCRIF website at www.ccrif.org.

Overall Benefits of CCRIF – as identified by Stakeholders

The Beneficiary Assessment identified and presented a synopsis of the benefits of CCRIF as viewed by the beneficiaries/stakeholders of CCRIF. Overall, beneficiaries/stakeholders were pleased with the performance of CCRIF and were proud of this first and, still only, multi-country parametric risk pool in the world. The main benefits that were identified are listed below:

- The speedy disbursement of funds to initiate the recovery process in times of a disaster
- The responsiveness of the Facility in alerting countries to payouts
- Attractively priced policies, which compare favourably with the value of coverage
- Uniqueness of products offered
- Development of the Real-Time Forecasting System (RTFS)
- Good communication with stakeholders
- High levels of information sharing on issues related to disaster risk management
- Emphasis on capacity building for stakeholders and regional institutions in disaster risk management
- The pooling of funds, making the insurance more affordable and spreading the risk throughout the Region
- The role the Facility has played in enabling different players (disaster management, environment, meteorologists and economists) to work together and utilise insurance as a tool in the disaster management arena

CCRIF Hosts Successful WFCP Conference



The Caribbean Catastrophe Risk Insurance Facility (CCRIF) hosted the 6th meeting of the World Forum of Catastrophe Programmes (WFCP) in Montego Bay, Jamaica between October 24th and 27th, 2011. This meeting was the Forum's annual gathering of representatives of catastrophe insurance programmes throughout the world and was used to share experiences and ideas. CCRIF is one of twelve WFCP members and is the only multiple-country programme and the only programme that focuses on developing countries. This was the first time the Forum had been hosted in the Caribbean.

The Objectives of the meeting were:

- To share experiences, observations and lessons learned from major catastrophes in 2010/2011
- To learn from members about new developments in their respective organisations' financing methodology, coverage innovations and claim/benefit response
- To learn from members about new methods, projects and initiatives whose implementation could be undertaken profitably by other WFCP member entities
- To share the hazard landscape of the Caribbean region and the initiatives being undertaken to reduce vulnerability of these small island and coastal states.

Day 2 of the meeting was themed “**Natural Catastrophes, Comprehensive Disaster Management in the Caribbean and New Initiatives**” and focussed on:

- Recovery efforts and lessons learned from three major catastrophes in 2010 and 2011 – the earthquakes that occurred in Japan (March 2011 – and accompanying tsunami), New Zealand (February 2011) and Haiti (January 2010)
- Sharing the Caribbean experiences in comprehensive disaster management (CDM) and learning about the Caribbean hazard risk landscape
- New initiatives in disaster risk management such as the new California Earthquake Authority cat bond and associated US federal legislation

Presenters on day 2 were:

- Mr. Ronald Jackson, Director General, Office of Disaster Preparedness and Emergency Management, Jamaica
- Mr. Jeremy Collymore, Executive Director, Caribbean Disaster Emergency Management Agency
- Dr. Myron Chin, GEM Operational Manager and Mr. Lloyd Lynch, Research Fellow, UWI Seismic Research Centre

Story continues on page 7

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.

World Forum of Catastrophe Programmes...

Story continues from page 6

- Ms Ekhosuehi Iyehen, Programme Manager, Caribbean Risk Managers
- Dr. Simon Young, CEO, Caribbean Risk Managers.

Day 3 focused on updates by the members of the World Forum and also included the annual business meeting. The first session began with a presentation on terrorism insurance pools by Alfonso Nájera, Deputy Manager of Spain's Consorcio de Compensación de Seguros (CCS). The remainder of this session focussed on member countries presenting their updates on activities within their organisation over 2010/11 period.

Presentations on day 3 included:

- Terrorism insurance: A Diversity of Solutions
- Iceland Cat Fund
- The Norwegian National Fund for Natural Damage Assistance
- Natural Disaster Insurance Pool – Review of the first year of activity
- Lorca Earthquake: A New Challenge for the Consorcio de Compensación de Seguros
- The Updates of the Taiwan Residential Earthquake Insurance Fund

- Reform of the French Nat-Cat system
- SOLVENCY 2 and reinsurance
- Update on the Caribbean Catastrophe Risk Insurance Facility

Over the two days, there were twenty presentations.

This meeting of the WFCP was chaired by Milo Pearson, Executive Chairman of CCRIF. For additional details, copies of all presentations and the full meeting report, please visit the CCRIF/WFCP webpage at:

<http://www.ccrif.org/content/6th-meeting-world-forum-catastrophe-programmes>.

The next meeting of the WFCP will be held in 2012 in Switzerland and will be chaired by Mr. Peter Schneider – CEO, IRV Intercantonal Reinsurance - who was confirmed as the new President of the WFCP for the period 2011-2012. CCRIF will attend the 2012 meeting.

Some Pictorial Highlights from the WFCP Meeting



A cross-section of participants at the WFCP meeting: (left to right) Sophia Hsu (TREIF, Taiwan), Nora Chang (TREIF, Taiwan), Patrick Bidan (CCR, France), Christiane de Bondy (GAREAT, France), Gunn Eide (NAA, Norway), Joe Zuber (CEA, USA), and Peter Schneider (IRV, Switzerland)



Dr. Warren Smith, President of the Caribbean Development Bank, delivering the feature address at the opening ceremony of the WFCP meeting.



l-r Marie Legault, Head, Development and Co-operation, CIDA; Mrs. Hillary Alexander, Permanent Secretary, Ministry of Energy and Mining, Jamaica; Dr. Simon Young, CEO, Caribbean Risk Managers; and Dr. Warren Smith, President of the Caribbean Development Bank, in discussion at the opening ceremony.



At the Opening Ceremony (left to right) Mr. Devon Rowe, Director General, Ministry of Finance, Jamaica; Mrs. Desirée Cherebin, CCRIF Board Member; Dr. Warren Smith, President, Caribbean Development Bank and former board member of CCRIF; and Mr. Milo Pearson, Chairman of 6th Meeting of the WFCP and Executive Chairman, CCRIF



Participants enjoy their last day in Jamaica out at the Appleton Jamaica Rum Tours in St. Elizabeth.



Extra-Regional Scholarships 2012

The Caribbean Catastrophe Risk Insurance Facility (CCRIF) is a risk pooling facility, owned, operated and registered in the Caribbean to serve Caribbean governments and their communities in reducing the economic impact of natural catastrophes.

Through its Scholarship/Professional Development Programme, part of a wider Technical Assistance Programme, CCRIF is providing three scholarships in 2012 for students desirous of pursuing a Masters or MBA programme in a number of pre-identified areas (see eligibility criteria) in universities in the United Kingdom, United States and Canada.

Eligibility Criteria

Applications are hereby invited from individuals who are citizens of CCRIF member countries. Eligible programmes include Masters-level courses in the following areas:

- (Catastrophe) Risk Management
- Property/Casualty Insurance
- Disaster Management
- Meteorology/Climate Change
- Engineering (Civil/Environmental/Building with disaster focus)

Applicants should be holders of a First Class or Upper Second Class Honours degree (or have a GPA of at least 3.5) and have some related work experience.

Interested applicants should visit the CCRIF web site, www.ccrif.org for additional information on eligibility, value of scholarships, application requirements, selection criteria etc.

Applications must be submitted no later than
April 13, 2012:

Upload your application to the secure page on the CCRIF website at:

<http://www.ccrif.org/content/extra-regional-scholarship>

Instructions for uploading your application will be provided on this webpage. Applicants will receive a confirmation of their submission.

By the end of June 2012, CCRIF will notify applicants if they have been awarded a CCRIF Scholarship.



CCRIF to hold Strategic Planning Retreat

CCRIF will hold its strategic planning retreat in February 2012, as a first step in preparing its strategic plan for the period 2012-2015. This new strategic plan is expected to focus the organisation's mission and seek to sharpen its operational effectiveness, particularly in delivering its services to the governments of the Caribbean. The Plan will be designed as a living document, and will be reviewed annually and revised as needed in response to the needs of the region and the governments' ever-changing requirements in this global environment.



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

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