



VOLUME 3 #1

October 2011

CCRIF News

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CCRIF Hosts the 6th Meeting of the World Forum of Catastrophe Programmes



Between October 24th and 27th CCRIF will host the 6th meeting of the World Forum of Catastrophe Programmes (WFCP) in Montego Bay, Jamaica. CCRIF's Executive Chairman, Milo Pearson, will chair the meeting. CCRIF is a member of the WFCP and the only member from the developing world.

The World Forum of Catastrophe Programmes came into being in San Francisco in 2006 at the commemoration of the earthquake that struck that city in 1906. The WFCP is an informal platform created initially as a mechanism for the exchange of information and experiences among systems covering natural catastrophe insurance involving any form of public participation. This is achieved through annual conferences of members and through the WFCP website.

Another fundamental aim of the WFCP is to make select

information and expertise available to bodies and institutions in other countries or other international agencies, as well as to private specialists and researchers interested in this category of insurance.

Membership in the Forum is open and free for all insurance systems (natural catastrophes and/or terrorism) in which there is public participation. That first meeting of the WFCP, which was held in San Francisco in 2006, has since been followed by conferences in Madrid (2007), Reykjavik (2008), Taipei (2009) and Bucharest (2010).

The main objectives of the 6th meeting of the WFCP are:

- ✓ To share experiences, observations and lessons learned from major catastrophes in 2010/2011

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SPECIAL FEATURE: CCRIF and the Caribbean Community Climate Change Centre sign MOU

The Caribbean Community Climate Change Centre and the Caribbean Catastrophe Risk Insurance Facility recently signed a memorandum of understanding designed to enable both organisations to better assist Caribbean countries to develop climate change adaptation strategies. This partnership represents a timely intervention as it is well recognised that developing countries and small island nations like those in the Caribbean will be among the first and hardest hit by the adverse effects of climate change. See full story on page 2.

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- Hurricane Irene
- New Insurance Solutions for Vulnerable Persons

CCRIF and CCCCC Sign Memorandum of Understanding



British High Commissioner to Belize, Mr Patrick Ashworth (at left) observes as Dr Kenrick Leslie, CCCCC Director, and Mr Milo Pearson, CCRIF Executive Chairman, sign a Memorandum of Understanding between CCCCC and CCRIF

On August 9, 2011, the Caribbean Community Climate Change Centre (CCCCC) and the Caribbean Catastrophe Risk Insurance Facility (CCRIF) signed a memorandum of understanding that will enable both organisations to better assist Caribbean countries to develop climate change adaptation strategies. Both organisations currently play key roles in the collection and provision of critical information and knowledge on the impacts of climate change and by extension natural disasters on Caribbean countries.

The MOU is designed to assist the governments of Caribbean States in understanding the risks of climate change to their economies and to the peoples of the region and will help to identify cost-effective adaptation measures to support greater climate change resilience at the local, national and regional levels. This partnership therefore represents a timely intervention as it is well recognised

and agreed that developing countries and small island nations like those in the Caribbean will be among the first and hardest hit by the adverse effects of climate change. In short, the relative burden of additional climate risk the region faces is the highest in the world, while at the same time, the region has fewer resources to adapt socially, technologically and financially.

Specifically, the MoU will enable the countries of the region to:

- Benefit from capacity building through the elaboration and enhanced use of tools in the areas of catastrophe risk modelling, parametric insurance and alternative risk transfer
- Participate in new programmes and initiatives to assist Caribbean governments in better understanding and financing catastrophe risk exposures

- Pursue the development of common strategies for enhancing and leveraging support for adaptation to climate change by sharing knowledge and pooling resources and expertise
- Gain support for national policy frameworks aimed at enhancing adaptation
- Access international funding for climate adaptation through mechanisms such as the Adaptation Fund.

This collaboration represents an important step where, in small countries and small economies like those in the Caribbean, a single-event catastrophe such as a hurricane can have devastating socio-economic effects. In fact, this is supported by the preliminary results of a study on the Economics of Climate Adaptation (ECA) in the Caribbean conducted in 2010, which indicate that annual expected losses from wind, storm surge and inland flooding currently amount to up to 6% of GDP in some countries and that, in a high climate change scenario, expected losses could increase by 1 to 3 percentage points of GDP by 2030.

CCRIF also has MoUs with:

- Caribbean Disaster Emergency Management Agency (CDEMA)
- Caribbean Institute of Meteorology and Hydrology (CIMH)
- UN Economic Commission for Latin America and the Caribbean (UNECLAC)

CCRIF Aims to Sign MoUs with:

- Caribbean Community Secretariat (CARICOM)
- Caribbean Electrical Utility Services Corporation (CARILEC)
- Organisation of Eastern Caribbean States (OECS)
- UWI Seismic Research Centre

CCRIF Calendar of Events

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

CCRIF Collaborates with International Partners to Develop New Insurance Solutions to Help the Vulnerable in the Caribbean to Adapt to Weather Extremes



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The countries of the Caribbean will soon benefit from the introduction of a programme that is intended to help vulnerable people adapt to extreme weather events. The programme intends to design and implement products that combine risk reduction and insurance for low income groups such as small scale farmers and day labourers (e.g. construction workers, tourism sector workers, household helpers). The products to be developed will target medium-level weather extremes (such as hurricanes, excess rain, drought), which are likely to increase in frequency and intensity with climate change.

This programme, entitled **“Climate Risk Adaptation and Insurance in the Caribbean,”** is to be implemented over the next three years (2011-2014) and is being led by the Munich Climate Insurance Initiative (MCI), in partnership with CCRIF, MicroEnsure, the world’s premier microinsurance broker, and Munich Re, a leading global reinsurer. It is supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) as part of the International Climate Initiative (IKI).

Already, the governments of five selected countries in the Region - Jamaica, Saint Lucia, Grenada, Belize and Guyana – have approved participation in the programme and the project team recently completed the second phase of the feasibility analysis which serves as the preparatory stage in designing, testing, and implementing insurance products for hurricanes, excess rainfall and drought.

Throughout August 2011, the project team conducted over 20 meetings, workshops and community visits with stakeholders in these five countries. These meetings included consulting with representatives of agricultural agencies and cooperatives; ministries of agriculture, tourism and finance and various financial institutions - including credit unions, as well as farmers from the major crop industries (including cane, banana, coffee, cocoa, and coconut), and livestock and fisheries industries. The objectives of these meetings were to:

- explore the legal environment and regulatory requirements for implementing weather insurance which addresses the disaster risk management and risk reduction needs of vulnerable groups of people;
- explore the exposure of target clients and sectors to weather risks, assess possible risk reduction approaches and discuss the potential for insurance products;
- discuss data issues around the introduction of weather insurance approaches covering weather risks including an assessment of agricultural data;
- assess the need of vulnerable groups of people for risk reduction measures and insurance-related tools;
- explore the risk exposure of the identified vulnerable groups; and,
- discuss how to best tailor microinsurance products to the needs of these target groups.

Participants at the meetings welcomed the new initiative as, currently, there are no risk or disaster funds in the region which farmers for example can access immediately when their crops – and livelihoods are affected by these extreme weather events. In one meeting, Mr Eugene Waight, Belize’s Chief Agricultural Officer, stated that, **“too often, financial assistance which is provided by international agencies, arrives too late to bring the farms back into productivity.”** It is envisioned that the programme will facilitate the development of public-private partnerships in which Caribbean governments will be integral partners.



See related story on page 7

The project team meets with stakeholders in Belize to discuss the project and to obtain their feedback

CCRIF Builds Regional Capacity in Storm Impact Forecasting... Prepares its Members for the 2011 Hurricane Season

As the 2011 Atlantic Hurricane Season got underway, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) provided assistance to Caribbean nations to prepare for the tropical storms that are expected to affect the region. This assistance was in two forms:

- Making available the CCRIF Real-Time Forecasting System (RTFS) to all its members and other key stakeholders. The RTFS is a storm impact forecast tool which provides users with real-time hurricane hazard and impact information and can support users in effective disaster preparedness and response, evacuation decision making, planning for pre-positioning of equipment and supplies as well as in contingency planning to secure critical infrastructure and operations prior to a hurricane. This is the fourth year in which the RTFS has been made available by CCRIF. Over 150 persons requested and have received access to the RTFS this year, a 60% increase over last year.
- Provision of training to CCRIF members to enable the effective use of the RTFS.

During July, in collaboration with the Caribbean Institute of Meteorology and Hydrology (CIMH) and Kinetic Analysis Corporation (KAC), CCRIF provided two sets of training on the RTFS. Seventy-eight (78) persons from 18 countries in the Region participated in the two-day online training course (delivered through the newly established CCRIF online training site) entitled, **Understanding the Real-Time Forecasting System – a Practical Course Designed to Strengthen Caribbean Governments' Disaster Response and Mitigation Capacity.**

The training focused on improving participants' understanding of hurricane risks and provided them with general information on what forecasting is and what it involves, while introducing its limitations. Equal importance was placed on exposing participants to various topics including: the key features of the RTFS product; the RTFS modeling; application of the RTFS; selecting locations to be included in the RTFS product; and an introduction to the use of Google Earth.

Participants included personnel from disaster management departments and meteorological offices, ministries of planning, agriculture, finance as well as a number of international development agencies working in countries across the region in disaster risk management. Participants felt that the training was a success and in the evaluation completed by them, 94% indicated that the course was very good with over 80% of them indicating that the course content was either excellent or very good. The full training report is available on the CCRIF website. Participants also can access the lectures from the training on the CCRIF website at www.ccrif.org.



Report

Online Training Course

Understanding the Real-Time Forecasting System – a Practical Course Designed to Strengthen Caribbean Governments' Disaster Response and Mitigation Capacity

August 3, 2011
(Draft)

Supported by:



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Difference between CCRIF RTFS Outputs and NHC Products

The CCRIF-RTFS provides additional information to that provided by the NHC. This includes wind, wave, and storm surge footprints, impacts on airports, ports and building damage estimates. All of these estimates are based on the NHC forecasted tracks. The RTFS therefore provides additional information in support of the NHC forecasts. Outputs are consistent with NHC outputs but go beyond by providing information which NHC does not provide; such as the impact forecasts and real time storm surge footprints. Therefore CCRIF encourages users to use the NHC forecast for what it provides and to use the RTFS for what it adds. In addition, the flexible visualisation aspect of the RTFS in Google Earth can be a useful tool.

CCRIF Provides Scholarships to Belize

Michele Natalie Smith, Meteorologist with responsibility for the Climatology and Climate Change Branch and Shanea Latoya Young, Meteorological Officer, both of Belize's National Meteorological Service, were recipients of CCRIF scholarships in August. These scholarships were provided to the Government as part of support extended to Belize by CCRIF after the passage of Tropical Cyclone Richard in 2010. They will fill a capacity gap, caused by recent retirements of experienced professionals, at the National Meteorological Service.

These scholarships are expected to enable these two officers to bring important expertise to the National Meteorological Service and will build the capacity of the agency to deliver better service to the Belizean public. Both scholarship recipients will study for a Bachelor of Science degree in Meteorology at the University of West Indies, Cave Hill Campus, Barbados.

On August 9, the scholarship recipients met with CCRIF Executive Chairman, Mr Milo Pearson at the offices of the Ministry of Finance, Belize. This meeting was hosted by

the Supervisor of Insurance, Ms. Alma Gomez and the Director of the Belize National Meteorological Service, Mr Dennis Gonguez. The purpose of this meeting was primarily for CCRIF to provide an update on the Facility and its activities over the past four years and undertake the formal handover of the scholarships to the identified recipients.

The provision of these scholarships is part of CCRIF's Technical Assistance (TA) Programme which aims to help Caribbean countries deepen their understanding of natural hazards and catastrophe risk, and the potential impacts of climate change on the region. The technical assistance programme consists of three main components as follows:

- **Component 1: Scholarship/Professional Development Programme**
- **Component 2: Regional 'Strategic' Knowledge Building**
- **Component 3: Support for Local Disaster Risk Management (DRM) Initiatives**

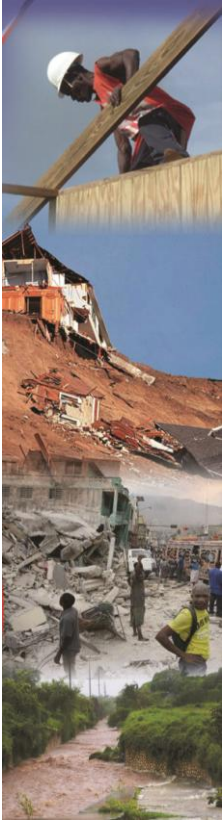
Quick Update – CCRIF Extra-Regional Scholarships

By early next year, CCRIF will launch its Extra-Regional Scholarship Programme. Through its Scholarship/Professional Development Programme of the wider CCRIF Technical Assistance Programme, CCRIF will provide three scholarships annually for students pursuing a Masters or MBA programme in a number of pre-identified areas. 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)**

At the launch, CCRIF will invite applications from individuals who are citizens of CCRIF member countries. Two Masters scholarships and an MBA scholarship will be offered. The MBA scholarship is specifically for those applicants who have gained admission to an MBA programme with a major in risk management and/or insurance or a related field. Scholarships will be awarded to applicants who demonstrate exceptional academic performance, are involved or currently work in the field of risk/disaster management or sustainable development in the Caribbean and have a record of broader community involvement.

No Major Losses as Hurricane Irene Traverses Caribbean



The 2011 Atlantic Hurricane Season is an active, above-average season that began on June 1, 2011, and will end on November 30, 2011. By the end of September there had been sixteen named storms. Tropical Cyclone Irene was named as a Tropical Storm east of Dominica on August 20, 2011 and became a Hurricane on August 22. By August 23, Irene had passed by Hispaniola as a Category 1 storm before it passed west of the Turks & Caicos Islands and then proceeded northwestward and northwards through the eastern parts of the Bahamian chain.

As Irene moved through the Bahamas, it attained Category 3 Hurricane status before passing about 100km to the east of Nassau on August 25. Hurricane Irene resulted in registered losses in six of CCRIF's member countries (Anguilla, Antigua & Barbuda, the Bahamas, Haiti, St. Kitts & Nevis and the Turks & Caicos Islands). However, none of the policies of these countries were triggered. Of these territories, the highest losses were determined for the Bahamas and the Turks & Caicos Islands. None of the other four countries was impacted by more than lower Tropical Storm-force winds (under 50mph). The damage reports from the Bahamas suggest that impacts were not as severe as had been anticipated and this was reflected in the modelled loss which was not as large as originally expected. This was due to the fact that most of the islands which are the centres of administrative or economic activity (i.e. tourism and financial services), and therefore represent the main exposure concentrations in the CCRIF model, were spared the worst of the system.

The system had greatest impact on the less populated islands of the Bahamas chain, in particular Acklins/Crooked Island, Rum Cay/San Salvador, Cat Island, Eleuthera and the Abacos. The major tourist, economic and administrative centres on New Providence (Nassau), Paradise Island and Grand Bahama (Freeport) received only Tropical Storm-force winds along with rain.

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.

CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY



World Forum of Catastrophe Programmes...

Story continues from page 1

- ✓ To learn from members about new developments in their respective organisations' financing methodology, coverage innovations and claim/benefit response – new methods, projects and initiatives whose implementation could be undertaken profitably by other WFCP member entities
- ✓ To share the hazard landscape of the Caribbean and the initiatives being undertaken to reduce vulnerability of these small island and coastal states
- ✓ To enhance knowledge about CCRIF as the first and only multi-national risk pool in the world - its achievements, new initiatives and lessons learned

On day one of the meeting participants are expected to benefit from presentations including:

- ✓ Earthquake and Tsunami in Japan - Update on Recovery Efforts and Lessons Learned
- ✓ Earthquakes in New Zealand- Update on Recovery Efforts and Lessons Learned
- ✓ Earthquake in Haiti - Update on Recovery Efforts and Lessons Learned

- ✓ Update on the Caribbean Catastrophe Risk Insurance Facility—New Products and Initiatives
- ✓ Lessons Learned from the Hazard Management Experience of Jamaica and Applicability to other Small Island States
- ✓ Update on the Microinsurance Catastrophe Risk Organisation
- ✓ New CEA Cat Bond and U.S. Federal Legislation

On day two, the Forum will focus on updates from its members as well as discussing issues related to the selection of a Forum chair. On day three, participants will have the opportunity to view places of interest in Jamaica as they will be taken on a field trip of Jamaica's south coast.

Approximately twenty-five representatives from catastrophe and terrorism insurance programmes around the world, as well as leaders from partner organisations, CDEMA and ODPEM and other Jamaican institutions are expected to attend the meeting. View the CCRIF website at www.ccrif.org for additional information.



Climate Risk Adaptation and Insurance in the Caribbean – The Products

The aim of this programme is to initially develop two different products. These are:

1. A pure weather hedge for small farmers, day labourers, self-employed persons in tourism etc. which would have a fixed premium with a fixed payout triggered by a given event
2. Lender-portfolio-level insurance which would be a higher-level policy for a portfolio of loans susceptible to weather risks (lenders report that there is a spike in default rates after a hurricane). The intention of this policy is to provide portfolio level protection against default for lender institutions such as Development Banks, Credit Unions etc which have significant portfolios of individual and MSME loans exposed to weather.

A third product, weather index insurance which would facilitate access to credit through partnerships and which will be suitable for multi-cropping small scale farmers is likely to be developed later in the project. This product could be tied to loans held by individuals and could be used to payoff the loan if the policy is triggered. It should be noted that a similar programme is operating in Haiti.

See related story on page 3



Update on Excess Rainfall Product

Swiss Re has been selected to develop an extreme rainfall product based on available NASA-processed satellite rainfall data to underpin a parametric policy. This product will be made available by the end of 2011. It will be a less sophisticated product than the original planned excess rainfall product and will be designed as a rainfall hedge rather than replicating actual loss from the various hazards related to heavy rainfall. While this new product is being developed, work will continue on the regional rainfall model as CCRIF believes that this will provide the best long-term platform for excess rainfall coverage.

CCRIF and UWI Seismic Research Centre forge Partnership

CCRIF and the UWI Seismic Research Centre will soon sign a memorandum of understanding to underpin CCRIF's support for the installation of strong motion instruments in Jamaica which will contribute to an expansion of the strong motion network beyond the eastern Caribbean; there are now five strong motion instruments in islands running along the island chain from St Kitts to Trinidad. The MoU also will address public access to the data by interested parties in the Region and use of the data for the benefit of CCRIF and other stakeholders.

CCRIF Facility Supervisor, CaribRM Opens Office in Jamaica

Facility Supervisor of CCRIF, Caribbean Risk Managers re-opened their Jamaican office in July. CEO Simon Young has relocated from Washington DC to Kingston and will be joined by several new staff members over the coming months. The existing Barbados team remains fully in place.

Use of the Real-Time Forecasting System (RTFS)

Over 158 persons from 15 Caribbean countries registered for access to the RTFS this year, a 60% increase over last year. Two countries have noticeably high numbers of persons who requested access to the system – Trinidad and Tobago with 30 and Jamaica with 20. Registered users include personnel from disaster management departments and meteorological offices, ministries of planning, tourism, agriculture and finance as well as a number of international development agencies working in countries across the region in disaster risk management. During the passage of TC Irene during the period August 20-25, the RTFS page was visited 107 times by users in 11 countries.



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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