



Caribbean Catastrophe Risk Insurance Facility

Strategic Plan
2009/10 to 2011/12

Facilitated by:

GROWTH
F A C I L I T A T O R S

Background to the Strategic Plan

- The Caribbean Catastrophe Risk Insurance Facility (CCRIF) was launched in June 2007, as an innovative response to the need by small island nation states in the Caribbean for immediate funding after natural disasters
- 16 countries of the Caribbean Community have joined and maintained their membership
- Since then the facility has experienced some success and credibility in terms of speedily paying out funds to countries seriously affected by natural disasters, and in the financial performance of the fund.
- At the same time, with the threat of the global financial meltdown, the CCRIF is also cognisant that member countries may not easily renew their membership
- The Board of Directors of the CCRIF therefore thought it prudent to engage in a process of Strategic Planning to chart the future of the organization over the next 3 years.
- Growth Facilitators, a consulting firm based in Jamaica, was asked to facilitate the retreat of the Board of Directors held in Miami, Florida on February 2 and 3, 2009

[Methodology]

- In order to ensure the success of the retreat, Growth Facilitators:
 - held consultations with Chairman, Facility Supervisor and Insurance Manager to set the context for the retreat
 - administered an e-mail pre-retreat questionnaire
 - Designed and facilitated the retreat of the Board of Directors (see Appendix for list of participants). In this retreat, the Board developed:
 - Vision and Mission Statements
 - Customer Value Proposition
 - Current Reality – External and Internal Scan
 - Strategic Objectives, Metrics, 3-year Targets
 - Strategic Initiatives and Action Plans

- This report outlines the Strategic Plan for the CCRIF, which is a direct outcome of the retreat



The CCRIF Strategic Plan

[CCRIF Vision]

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

[CCRIF Mission]

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.

The CCRIF Customer Value Proposition

The clients of the not-for-profit CCRIF are the member countries of the Caribbean Community. CCRIF promises its clients to:

1. Fill a gap in available insurance offerings for natural catastrophes
2. Ensure a joint reserve mechanism for future benefits
3. Provide member countries peace of mind
4. Provide member countries confidence in its ability to provide financial support
5. Supply tools for enhanced disaster risk management
6. Provide highest degree of service at the best possible price
7. Ensure speedy payout
8. Provide a transparent payout mechanism



Strategic Objectives

Metrics

Targets

[Strategic Objectives]

Over the next 3 years, CCRIF's objectives are:

1. To offer products responsive to members needs
2. To raise the awareness of CCRIF as a Caribbean community entity
3. To support disaster risk management
4. To expand membership
5. To achieve sustainable financial integrity

1. To offer products responsive to members needs

METRIC	FORMULA	BASE	2009/10	2010/11	2011/12
# new products and product enhancements		2 + 1	2 (rainfall, model loss)	2 (CARILE C, enhance ment)	2
Product penetration rate	# countries taking policies / potential # countries that could take these policies	88% (30/34)	92.5% (37/40)	84% (42/50)	TBD

2. To raise the awareness of CCRIF as a Caribbean community entity

METRIC	FORMULA	BASE	2009/10	2010/11	2011/12
% increase in Survey score re: perception as a Caribbean community entity	Survey of member clients, donors, disaster community	TBD August 2009	25%	25%	25%
# new partnership agreements with regional entities	Regulatory agencies, disaster management agencies, university, meteorology agencies	1	3	1	1
# website hits from region		36,723	25%	25%	25%

3. To support disaster risk management

METRIC	FORMULA	BASE	2009/10	2010/11	2011/12
# countries using existing disaster risk product (RTFS)		9	8	12	16
# additional risk management products		1 (RTFS)	2 (risk atlas, rain maps)	TBD	TBD

4. To expand membership

METRIC	FORMULA	BASE	2009/10	2010/11	2011/12
# members		16	16	18	21
Premium volume		\$22m	\$22m	\$25m	\$30m
Diversification ratio	1000-year loss on total portfolio / aggregate risk	25%	25%	25%	25%

5. To achieve sustainable financial integrity

METRIC	FORMULA	BASE	2009/10	2010/11	2011/12
Probability of default		0.0001	0.0001	TBD	TBD
CCRIF gross assets at end of year		\$6m	\$85m	\$111m	\$141m
Return on Gross Assets employed less donor contribution	Net Income (less donor contributions) / Gross Assets employed	10%	7%	7%	7%
Financial strength of reinsurers	Appropriate Rating to be determined in consultation with reinsurers	TBD	TBD	TBD	TBD



Strategic Initiatives & Action Plans

1. Develop marketing plan
2. Operational efficiencies & internal controls
3. Product development
4. Pricing & financial stability policy
5. Communication plan

Initiative: 1. Develop marketing plan	Owner: Milo Pearson	End Date: Sep. '09
Strategic Objective Impacted: Expand membership Products responsive to members needs Sustainable financial integrity	Resources/budget:	
Intended Results: Renew all policies and add 2 new countries, and rainfall product participation by some countries		
Actions:	Responsible	Date by
Prepare material for new modelling and coverage	Simon Young	Mar '09
Organize forums to meet with clients	Simon Young	Mar/Apr '09
Specific outreach to Guyana, BVI, Suriname & Montserrat	Simon Young	Sep '09

Initiative: 2. Operational efficiencies & internal controls	Owner: Milo Pearson	End Date: Dec '09
Strategic Objective Impacted: Sustainable financial integrity	Resources/budget:	
Intended Results: Transparent and efficient operations		
Actions:	Responsible	Date by
Update operations manual	James Rawcliffe	Feb '09
Update of rules of procedures for Board	Milo Pearson	Mar '09
Approval by Board	Milo Pearson	Mar '09
Annual audit – draft report	James Rawcliffe	Aug '09
World Bank operational review	Carlos Costa	Dec '09

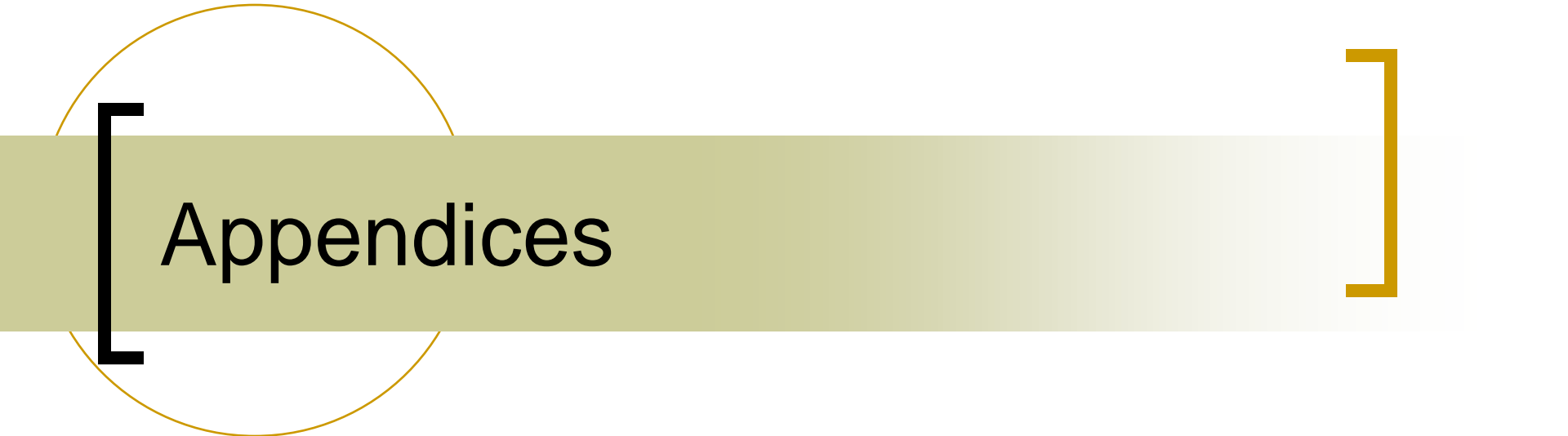
Initiative: 3. Product development	Owner: Milo Pearson	End Date: Sep '09
Strategic Objective Impacted: Products responsive to members' needs Expanded membership	Resources/budget:	
Intended Results: Launching models – loss and rainfall; impact on DRM; greater risk coverage; expansion and maintenance of membership		
Actions:	Responsible	Date by
Board approval to roll out products	Simon Young	Feb '09
Presentation to reinsurers	Simon Young	Feb '09
Initial renewal information to countries	Simon Young	Late Feb/ early Mar
Board approval of pricing	Milo Pearson	Mar '09
Final negotiations and signing of policies	Simon Young	May '09
Execution of rainfall implementation plan	Simon Young	Sep '09

Initiative: 4. Pricing & financial stability policy	Owner: Milo Pearson	End Date: Sep '09
Strategic Objective Impacted: Sustainable financial integrity Expanded membership	Resources/budget:	
Intended Results: Provision of guidance document in achieving financial sustainability through a structured pricing mechanism		
Actions:	Responsible	Date by
Reinsurance options	Simon Young	Feb '09
Decision on adoption of new model	Milo Pearson	Feb '09
Rainfall product pricing integration/impact	Simon Young	Jul '09
Draft pricing and financial stability policy document completed	Simon Young	Aug '09
Board approval of policy document	Milo Pearson	Sep '09

Initiative: 5. Communication plan	Owner: Milo Pearson	End Date: Aug '09
Strategic Objective Impacted: CCRIF seen as Caribbean community entity Expanded membership Products responsive to members needs	Resources/budget:	
Intended Results: Increasing survey scores; securing partnership agreements; expanding/maintaining membership and increasing premium volume; usage of DRM tools;		
Actions:	Responsible	Date by
Develop RFP for strategic communication consultants	Simon Young	Feb '09
Execute tender process	James Rawcliffe	Mar '09
Sign MOU with UWI, following on World Bank/UWI grant agreement by end March	Milo Pearson	Apr '09
Develop support partnership with CARICOM, CIMH, UWI, CDERA	Simon Young	Jun '09
Develop communication plan based on Board-generated framework via planning session	Selected consultants	Aug '09
Acceptance of plan and commence implementation	Board	Aug '09

NEXT STEPS

WHAT	BY WHOM	BY WHEN
Approve plan	CCRIF Board	March Board meeting
Include Strategic Plan discussion (targets and initiatives update) on regular Board meeting agenda	Chairman	All Board meetings
Annual Review and update of Strategic Plan	Chairman	January 2010



Appendices

- Current Reality – External and Internal Scan
- Participants in the Retreat

External Enablers

ENABLER	POSSIBLE IMPACT ON CCRIF
Higher profile of CCRIF worldwide	More members More revenue Access to reinsurance
Recovery of the global financial system	Increase in capital available for CCRIF
More covered losses	More satisfied members
Increase in climate change awareness	Sustain membership
New, improved satellite imaging technology	More precise polices can be developed

External Hindrances

HINDRANCE	POSSIBLE IMPACT ON CCRIF
Financial meltdown	Lost members Reduction in premiums
Higher reinsurance rates	Higher premiums
Changes in governments in member countries	Lost members and premiums
Changes with vendors (personnel)	Poor service
End of World Bank credit for 5 countries 2009/10	Lost members and premiums
No payouts 2009/10	Lost members & premiums
Changing legislation in member countries & country of incorporation	Higher costs
Too many claims	Insolvency
Exhaustion of donor funding for Trust Fund – 2012	Reduction in capital base

Internal Enablers

ENABLER	IMPACT ON CCRIF
Lean organization	Flexibility of response Low costs – affordable premiums
Strong capital base, sound investment policy	Flexibility in negotiating advantageous premium rates More claim paying capacity Platform for new business
Multilateral involvement	Credibility Attraction of donor support
Representative board structure	Direct contacts with regional governments
Quality service providers	Efficiency of CCRIF operations Add value to CCRIF

Internal Hindrances

HINDRANCE	IMPACT ON CCRIF
Lean organization	Potential overstretch
Multilateral involvement e.g. Caribbean Development Bank, World Bank, CARICOM	Bureaucracy may hinder ability to respond in timely fashion to new initiatives
Poor communication of policy to members	Members may not renew
Over dependency on key people	Risk of business interruption
Internal controls not fully established	Going concern potential impact Reputational risk Reduces efficiency

Participants in the Retreat

BOARD OF DIRECTORS:

- Milo Pearson, Chairman
- Isaac Anthony
- Warren Smith
- Garry Wilkins
- Ken Blakely
- Simon Young, Facility Supervisor
- James Rawcliffe, Insurance Manager

■ OTHERS:

- Francis Ghesquiere – World Bank
- Carlos Costa – World Bank
- Ekhosuehi Iyahan – Caribbean Risk Managers Ltd.