



**Opportunity to Top up Insurance Coverage from CCRIF SPC to support Social Protection Systems in the Caribbean following Natural Hazard Events**  
**The WFP-CCRIF Social Protection Top-up Model**  
**Frequently Asked Questions (FAQs)**

**What is CCRIF SPC insurance coverage?**

CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility), established in 2007, is the world's first multi-country, multi-peril risk pool providing parametric insurance coverage to Caribbean and Central American governments for tropical cyclones, earthquakes and excess rainfall and for the fisheries sector. CCRIF also provides parametric insurance coverage for the electric utilities sector in the Caribbean for transmission and distribution systems and since 2023 for the water utilities sector. These parametric insurance products are not readily available in traditional insurance markets as the risks covered are priced too high by the traditional insurance markets. CCRIF has become a key component in countries' disaster risk financing strategies and is designed to pre-finance short-term liquidity to allow countries to respond to their most pressing needs post disaster. When a country's policy is triggered, CCRIF is able to make payouts within 14 days of an event. Since 2007, CCRIF has made 64 payouts to 17 of its 26 members totalling US\$268 million. Nineteen Caribbean governments, four Central American governments and three Caribbean electric utility companies are currently members of CCRIF.

**Why are we linking CCRIF insurance coverage to social protection systems?**

Insurance mechanisms such as CCRIF parametric insurance can play a key role in supporting social protection systems (SPS) to be more shock responsive. Following natural disasters, social protection systems and programmes play a key role in responding to shocks, given their objectives of reducing vulnerabilities and building resilience. By planning for these events before they happen, SPS can ensure that they have the ability to provide cash transfers that can help governments, on one hand, to vertically expand its social protection system using the payout, and on the other hand, to horizontally expand the system to either provide increased assistance to those already in the system or to provide benefits to additional persons who need it following the event. By making payouts within 14 days of an event, CCRIF parametric insurance can effectively support SPS to be more shock responsive following a hazard event.

**Which organizations/initiatives are supporting countries in this? – The role of the Canada-CARICOM Climate Adaptation Fund (CCAF)**

The Government of Canada and the Caribbean Development Bank partnered to establish the Canada-CARICOM Climate Adaptation Fund (CCAF) to support nine Caribbean countries in

maintaining their disaster risk management efforts, given the financial impact incurred in responding to the COVID-19 pandemic.

The fund supports both short-term and longer-term measures to maintain and strengthen the disaster risk financial management capacity of the countries. It has been used to cover the CCRIF premiums of some countries covered by CCAF.

The Government of Canada and the Caribbean Development Bank wish to use resources from the CCAF to expand the WFP-CCRIF Social Protection Top-up Model.

### **What is the WFP CCRIF Social Protection Top-up Model?**

The United Nations World Food Programme (WFP) has partnered with multiple governments in the Caribbean to “top up” the coverage of their existing policies with CCRIF SPC in exchange for governments’ commitment to strengthening their national social protection systems to respond effectively to shocks. Topping up takes the form of providing funding for additional premium to allow countries to increase their insurance coverage.

Should the CCRIF SPC policy trigger, a portion of the policy payout equivalent to the coverage that the top-up purchased will be allocated to the social protection system to support vulnerable populations impacted by the hazard event. For example, if the top-up was 10% and the CCRIF payout to the government was US\$3,000,000, then US\$300,000 of this amount would be designated for the government to provide support through its social protection system.

As part of the model, governments agree to develop a disbursement plan, specific to the portion of the coverage to be allocated for support such as cash transfers through the social protection systems. This disbursement plan outlines the activation of response protocols should the policy trigger. The disbursement plan covers potential payout scenarios, transfer values, delivery mechanisms and monitoring for the social protection systems and does not relate to the payout amount received by the government that was not part of the top-up arrangement. WFP can provide technical support for the development of the disbursement plan.

Below is a visual representation of the WFP-CCRIF Social Protection Top-up Model.



Diagram 1: WFP CCRIF Top-up Model.  
Source: World Food Programme Caribbean Multi-Country Office

### What is the experience to date with the WFP-CCRIF Social Protection Top-up Model?

WFP first introduced this approach as a pilot in 2021 with the Government of the Commonwealth of Dominica. As of 2023, the governments of Belize, Dominica, and Saint Lucia were implementing the model with financial and technical support from WFP. Through the CCAF, there is an opportunity for more governments to participate and for the governments that are currently part of the arrangement with WFP to increase the amount of the top-up.

### Which CCAF member countries are eligible for this opportunity?

The eligible countries are Antigua and Barbuda, Belize, Dominica, Grenada, Jamaica, Saint Lucia and Saint Vincent and the Grenadines because they are both eligible for CCAF and are CCRIF members.

### Is the CCAF funding a subsidy for CCRIF insurance coverage?

The additional support provided under the CAF programme is to top up coverage, not a subsidy to pay premium. For example, if a government pays an annual premium of US\$800,000 and CCAF provides an additional US\$100,000, the total premium paid to CCRIF with the top-up would be US\$900,000. The precise amounts of the top-up will vary from government to government based on their CCRIF policy.

### Who receives the payout if the policy triggers?

Should a country's insurance policy with CCRIF trigger, CCRIF will make a payout to the Government (Ministry of Finance) within 14 days of the event. The Technical Assistance Agreement

signed between the country and WFP will then allow for the transfer of the top-up amount to the ministry with responsibility for social protection/social development. WFP does not receive any portion of the CCRIF payout and the social protection ministry does not receive the full CCRIF payout, only the amount of the payout attributable to the top up amount.

### **Can a government only top up one CCRIF policy?**

At the discretion of the government, the premium support provided can be split across more than one CCRIF policy. At this time, the insurance policies for which the top-up applies are tropical cyclone and excess rainfall. It does not apply to CCRIF policies for earthquakes or the fisheries sector. For example, the Government of Belize splits its top-up between its tropical cyclone and excess rainfall policies.

### **What is the disbursement plan?**

The disbursement plan is a document which provides a detailed outline of how, should the CCRIF policy trigger, funds flow from CCRIF to the Government/Ministry of Finance; from the Ministry of Finance to the social protection ministry; and from the social protection ministry to the impacted vulnerable populations.

### **How often should the disbursement plan be reviewed?**

The disbursement plan should be reviewed by WFP, the ministry responsible for finance, the ministry responsible for social protection, and other relevant stakeholders before the start of each Atlantic Hurricane Season.

### **What type of agreement would need to be in place to implement the WFP-CCRIF Top-up Model in a country?**

A tri-partite agreement is required between WFP, the ministry responsible for Finance, and the ministry responsible for social protection for each country.

### **For what timeframe is the CCAF support available for the WFP-CCRIF Social Protection Top-Up Model?**

The CCAF programme arrangement ends on September 30<sup>th</sup>, 2024. However, the availability of the grant funds for the WFP-CCRIF Social Protection Top-Up Model will depend on the preparation of a workplan outlining the specific funding amounts, how the funds will be spent and the timelines for disbursement to the participating countries. This work plan should be prepared before May 31<sup>st</sup>, 2024. WFP has some additional but more limited funding available for 2025/2026.