



CCRIF's Members in the Caribbean and Central America Renew Catastrophe Risk Insurance Policies Ahead of Another Active Hurricane Season

Grand Cayman, Cayman Islands, June 14, 2021. CCRIF SPC is pleased to announce that its member governments have renewed their parametric insurance coverage for tropical cyclones, excess rainfall, earthquakes, and the fisheries sector ahead of the upcoming 2021 Atlantic Hurricane Season. This is the second year in a row that members have ceded over US\$1 billion in risk to CCRIF. The Facility's first non-government member, ANGLEC – Anguilla's electric utility company – not only renewed but increased its coverage. ANGLEC joined CCRIF in 2020, purchasing the newest product that offers coverage for electric transmission and distribution systems. CCRIF started operations in 2007 with 16 Caribbean member governments and just under US\$500 million in coverage for tropical cyclones and earthquakes. Fourteen years later, CCRIF now offers five parametric insurance products to 23 members (19 Caribbean governments, 3 Central American governments and 1 electric utility).

CCRIF's members continue to grapple with the socioeconomic challenges brought about by COVID-19 and are well aware that a natural disaster can further impact their recovery, which is being projected to be slow and may last until 2024 by some estimates. The United States National Oceanic and Atmospheric Administration (NOAA) is predicting another above-normal Atlantic hurricane season, although it does not anticipate the historic level of storm activity of 2020. As the 2021 Atlantic Hurricane Season begins, CCRIF's members are assured that they are covered for another year against tropical cyclones and excess rainfall events (which can occur during a hurricane or tropical storm or any rain system throughout the year) – as well as earthquakes that may occur at any time.

CCRIF's CEO, Isaac Anthony, in commenting on the renewals said, *“CCRIF continues to offer insurance products not readily available in traditional insurance markets. These parametric insurance products allow governments to have access to liquidity within 14 days of an event. This is key as it helps governments reduce budget volatility after a natural disaster, support the most vulnerable in their population and begin the process of recovery in short order.”*

Mr. Anthony also used this medium to thank wholeheartedly development partners who early in the pandemic stepped forward to support member governments to help offset their policy premiums for 2020/21 and 2021/22. Grants provided by development partners, including the European Union and the Government of Canada, were most welcomed by members given the fiscal challenges they continue to face. The flexibility in the use of the funds was also well received by members as they were able to use a portion of the funds during the last policy year and a portion for this current policy year.

In 2020, the European Union (EU) under its Global COVID-19 Response, provided a grant of €10 million (US\$12 million) to CCRIF for premium support or for increasing coverage for its Caribbean members. This financial assistance was channeled through the EU Regional Resilience Building Facility managed by the Global Facility for Disaster Reduction and Recovery (GFDRR).

This grant provided to each Caribbean member country a 26 per cent discount on total gross premium or an increase in policy coverage under their CCRIF parametric insurance policies. Indeed, many members utilized a portion of the discount in the 2020/21 policy year, leaving a portion for use during this current policy year. This year, the EU has provided additional financial support of €262,000 (US\$317,000) through the €3,000,000 Technical Assistance Program for Disaster Risk Financing in Caribbean Overseas Countries and Territories (OCTs), for the delivery of training activities to selected OCTs to better understand CCRIF products and services.

Also, nine Caribbean countries – seven current CCRIF members – benefitted from a total of US\$12.4 million under the Canada-CARICOM Climate Adaptation Fund. Antigua and Barbuda, Belize, Dominica, Grenada, Jamaica, Saint Lucia, and St. Vincent and the Grenadines were able to use their allocation to cover a portion of their premium costs for their CCRIF parametric insurance policies for policy year 2020/21 and/or 2021/22. Two countries – Guyana and Suriname – which are not yet members of CCRIF – would be able to use their allocations towards their participation fees as well as for premium support when they join the Facility.

The World Bank provided premium support to pilot countries Grenada and Saint Lucia for a third year for their 2021/22 COAST policies for the fisheries sector, which were first offered in 2019.

CCRIF's Central American members also received special benefits as part of the Facility's response to the COVID-19 pandemic. These benefits, totalling US\$11 million, included a reduction in premium costs on their parametric insurance policies and/or an increase in CCRIF coverage. This effort was supported by the Multi-Donor Trust Fund (MDTF) of the Catastrophe Risk Insurance Program of Central America and the Caribbean, administered by the World Bank.

CCRIF's value to members was demonstrated again last year: during the 2020 hurricane season, CCRIF made 8 payouts due to tropical cyclones Cristobal, Laura, Zeta, Eta and Iota totalling US\$48 million to 6 member governments on their tropical cyclone and/or excess rainfall policies. Since the Facility's inception in 2007, it has made a total of 50 payouts to 16 of its member governments, totalling approximately US\$200 million – all within 14 days of the event.

CCRIF was formed as the first multi-country risk pool in the world and was the first insurance instrument to successfully develop parametric insurance policies for natural catastrophes. The Facility is a working example of an effective disaster risk financing instrument and one of a suite of such instruments available to governments to assist in post-disaster recovery and to help close the protection gap.

About CCRIF SPC:

CCRIF SPC is a segregated portfolio company, owned, operated and registered in the Caribbean. It limits the financial impact of catastrophic hurricanes, earthquakes and excess rainfall events to Caribbean and Central American governments by quickly providing short-term liquidity when a parametric insurance policy is triggered. It is the world's first regional fund utilising parametric insurance, giving member governments the unique opportunity to purchase earthquake, hurricane and excess rainfall catastrophe coverage with lowest-possible pricing. CCRIF was developed under the technical leadership of the World Bank and with a grant from the Government of Japan. It was capitalized through contributions to a Multi-Donor Trust Fund (MDTF) 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. In 2014, a second MDTF was established by the World Bank to support the development of CCRIF SPC's new products for current and potential members and facilitate the entry of Central American countries and additional Caribbean countries. The MDTF currently channels funds from various donors, including: Canada, through Global Affairs Canada; the United States, through the Department of the Treasury; the European Union, through the European Commission, and Germany, through the Federal Ministry for Economic Cooperation and Development and KfW. Additional financing has been provided by the Caribbean Development Bank, with resources provided by Mexico; the Government of Ireland; and the European Union through its Regional Resilience Building Facility managed by the Global Facility for Disaster Reduction and Recovery (GFDRR) and The World Bank.

For more information about CCRIF SPC: Website: www.ccrif.org | Email: pr@ccrif.org |

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