

Session 11 Overview

Title: Leveraging Sovereign Insurance for Building Scale: Exploring Tools and Strategies for Scaling Up and Reaching Intended Beneficiaries

Agenda:

- Introductions - 15 Minutes
- Presentation - 15 Minutes
- Panel Discussion - 45 Minutes
- Q & A - 20 Minutes
- *Note: The sessions will be recorded and made available after the conference.



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Panelists

- Isaac Anthony - CEO, CCRIF SPC, Cayman Islands
- Matthew Branford - Acting Accountant General, Department of Finance, Government of Saint Lucia
- Dean Romany - President, Guardian General Insurance Limited, Trinidad and Tobago
- Dirk Kohler - Insurance Advisor, MCII, Germany

Facilitators

- Elizabeth Emanuel - Technical Assistance Manager, CCRIF SPC, Cayman Islands
- Jennifer Phillips - Associate Project Manager, Munich Climate Insurance Initiative, Germany

Introduction to CCRIF SPC – How CCRIF can Leverage Scale...

Elizabeth Emanuel

Head – Technical Assistance Manager and Corporate Communication Manager

November 4, 2020

Brief on CCRIF SPC

- CCRIF is the world's first multi-country multi-peril risk pool based on parametric insurance and provides parametric catastrophe insurance for Caribbean and Central American governments and electric utilities
- The organization operates more like a developmental insurance company – as the provision of goods and services it provides is designed to enhance the overall developmental prospects of its members
- CCRIF provides parametric insurance products to its members which are very different from indemnity insurance
- Parametric insurance contracts make payments based on the intensity of an event and the amount of loss calculated in a pre-agreed model caused by these events
- CCRIF parametric insurance products are a key component in a country's disaster risk financing strategy and are designed to pre-finance short-term liquidity or close the protection gap, allowing countries to begin recovery efforts immediately after a catastrophic event
- CCRIF payouts fill the gap between immediate response and long-term redevelopment





CCRIF Members

Our members'
population:
17 Million in Caribbean
33 Million in CA

19 Caribbean governments:

Anguilla
Antigua & Barbuda
Bahamas
Barbados
Belize
Bermuda
British Virgin Islands
Cayman Islands
Dominica
Grenada

Haiti
Jamaica
Montserrat
St. Kitts & Nevis
Saint Lucia
St. Vincent & the Grenadines
St. Maarten
Trinidad & Tobago
Turks & Caicos

3 Central American governments:

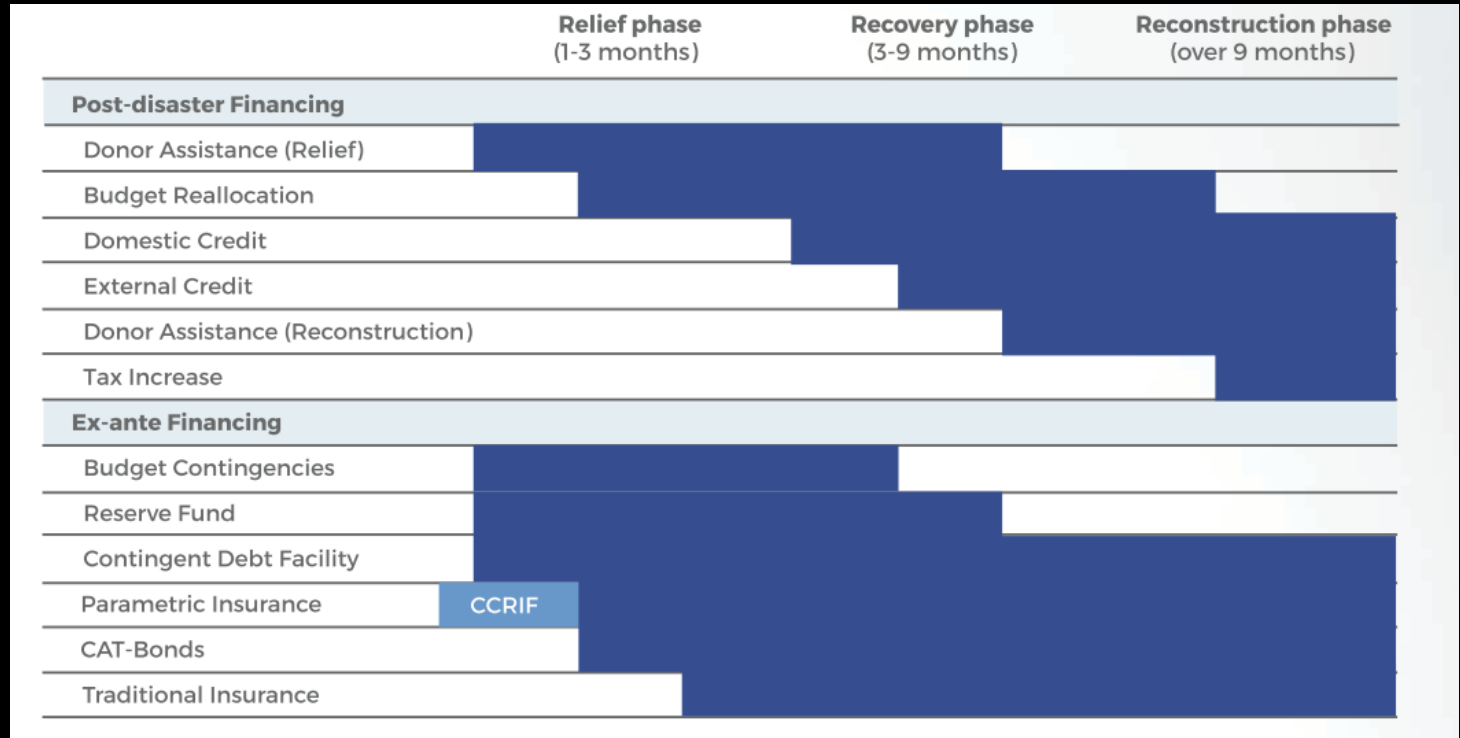
Guatemala
Nicaragua
Panama

1 electric utility company:

ANGLEC

CCRIF – An Example of a Disaster Risk Financing Strategy

- Managing a country's risk requires a multifaceted approach.
- CCRIF provides options for managing a portion of the identified risk, but CCRIF's parametric insurance policies should not be viewed as a panacea.
- Other mechanisms can and should be implemented alongside risk transfer to provide a comprehensive sovereign risk financing strategy which best balances budgetary conditions with the need to manage the ongoing economic liability which natural disasters present.



CCRIF Parametric Insurance Products



**Earthquake
Policies**



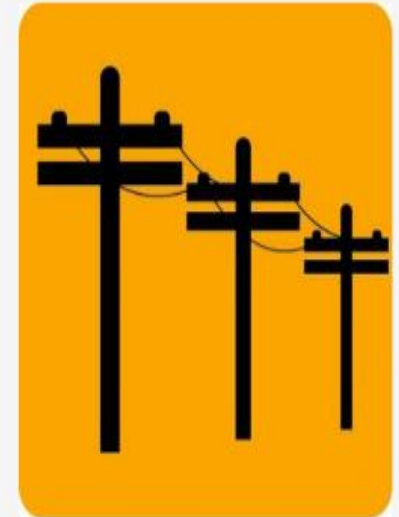
**Tropical Cyclone
Policies**



**Excess Rainfall
Policies**



**Fisheries Policy -
COAST**



**Electric Utilities
Policy**



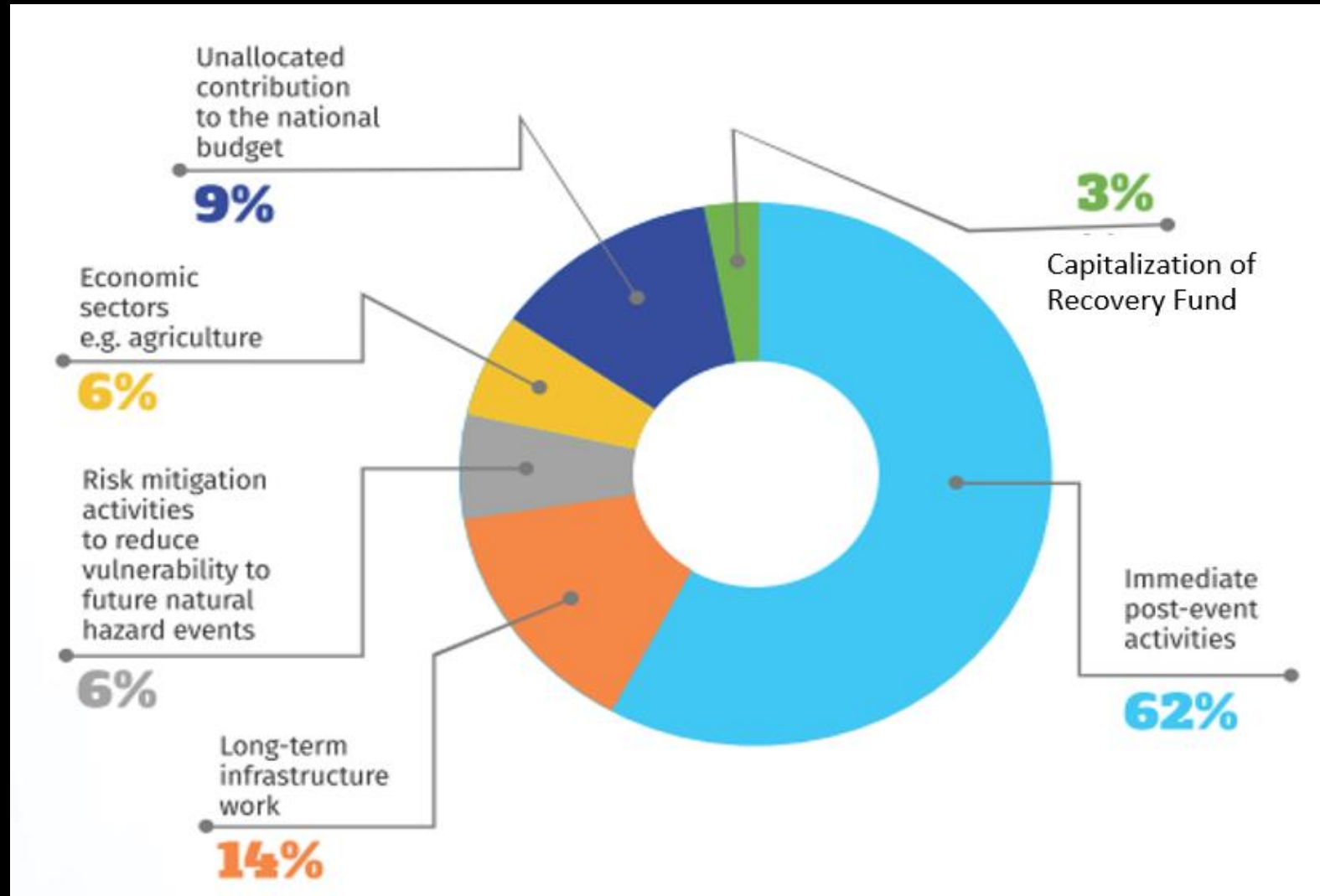
CCRIF Payouts to Date

**45 payouts totalling US\$163 million
made to 14 member governments**

**Latest Payouts
to Haiti after Tropical Cyclone
Laura: US\$7.45 million**

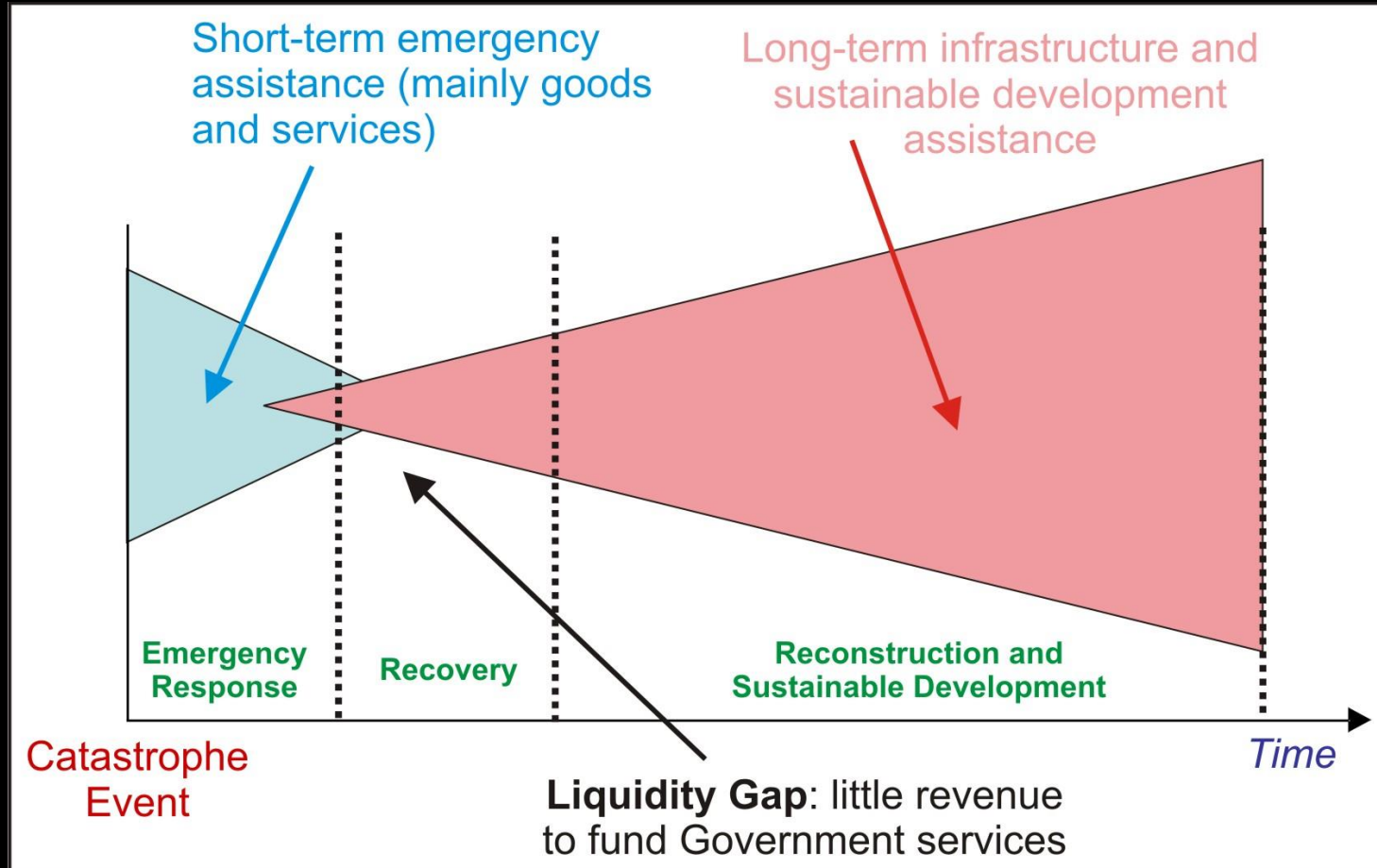
All payouts made within 14 days

Use of CCRIF Payouts



Approximately 2.5 million persons have benefitted from CCRIF payouts since 2007

After a Disaster: Sovereign Liquidity Gap... CCRIF Helps to Close the Liquidity Gap





CCRIF and Microinsurance – Two Products

Two main products supported and/or developed by CCRIF:

- **Sovereign product with microinsurance features developed for fishers under COAST Project with support from governments**
- **Key partner in the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) Project (Livelihood Protection Policy – LPP)**

Benefits to Countries Joining CCRIF



Lower Premiums – risk pooling



Cost Savings Associated with Efficiency Gains - from 25% to as high as 42%



Increased Access to Reinsurance Market



Demonstrated Experience of CCRIF



Segregated Risk



Increased Cooperation and Collaboration



Sharing best practices and lessons learned - exchanging ideas/South-South and North-South



CCRIF's Competitive Advantage to Leverage Scale:

-
- Demonstrated experience in DRF and leader for parametric insurance products in the Caribbean and Central America
 - Experience in designing products to close the protection gap
 - Models underpinning our products are leading edge and fit for purpose
 - Demonstrated support from governments in the region and confidence by them in the products and services that CCRIF provides – this is important because of the critical role CCRIF views for governments in microinsurance
 - Have taken a lead role in building capacity of governments, civil society, academia and the general public in DRF and parametric insurance at the macro and micro levels
 - Governments and other key stakeholders including community groups have a better understanding of the difference between parametric and indemnity insurance
 - Community groups have indicated a higher demand for livelihood protection over even life insurance
 - CCRIF through its Technical Assistance Programme continues to work with local communities who are the main target for micro products

Role of Stakeholders in Microinsurance to Facilitate Scaling Up

Governments

- Incorporate microinsurance as part of social protection strategy or within local government departments, purchasing group policies and using payouts to assist the most affected individuals or communities (purchase blocks of policies)
- Provide subsidies for policy premiums or waive the premium taxes or GCT/VAT
- Incorporate microinsurance/LPP within existing government rebates and subsidies for the fisheries sector or agriculture sector
- Require purchase of LPP as part of registration process for farmers, MSMEs etc.
- Include insurance requirements in fisheries policies, agriculture policies or MSME policies
- Sensitize vulnerable persons/low-income persons to the importance of insurance and these new microinsurance products

Cooperatives and NGOs

- Purchase group policies on behalf of members and could use shares to pay for premiums
- Support the idea of microinsurance and sensitize members and communities





In Conclusion: CCRIF is essentially about...

- providing quick liquidity
- allowing governments to quickly support the most vulnerable in their population immediately after a natural disaster
- reducing budget volatility
- not increasing the debt stock of countries – parametric insurance will not result in an increase in debt stock as it is not a form of disaster relief as are credit facilities
- offering diverse products for both a range of perils and economic sectors and industries
- offering products and services not readily available in traditional insurance markets
- peace of mind



CCRIF SPC
The Caribbean Catastrophe Risk Insurance Facility

Engage With Us:



pr@ccrif.org
www.ccrif.org



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Moderators:

- Elizabeth Emanuel - Technical Assistance Manager, CCRIF SPC, Cayman Islands
- Jennifer Phillips - Associate Project Manager, Munich Climate Insurance Initiative, Germany

CLIMATE RISK INSURANCE IN THE CARIBBEAN:

20 lessons learned from the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) project

A CRAIC Publication by: MCII, CCRIF SPC, & ILO

Can be accessed at:

- <https://climate-insurance.org/>
- <https://www.ccrif.org/>
- <http://www.impactinsurance.org/>

