



Caribbean Governments Now Insured Against Excess Rainfall

Grand Cayman, Cayman Islands, August 4, 2014 – The Caribbean Catastrophe Risk Insurance Facility (CCRIF) is pleased to announce that eight of its members have become the first countries to purchase its excess rainfall insurance coverage – for the 2014/2015 policy year.

Developed by CCRIF and global reinsurer, Swiss Re, the excess rainfall product is aimed primarily at extreme high rainfall events of short duration (a few hours to a few days), whether they happen during a tropical cyclone (hurricane) or not. Like CCRIF’s tropical cyclone and earthquake insurance, the excess rainfall product is parametric and estimates the impacts of heavy rain using satellite rainfall data from the Tropical Rainfall Measurement Mission (TRMM) and exposure from CCRIF’s risk estimation database. Because the excess rainfall product is parametric, a payout can be made quickly (within 14 days) after a rain event that triggers a country’s policy, without waiting for time-consuming damage and loss assessments on the ground.

CCRIF CEO, Mr. Isaac Anthony, stated that “The new excess rainfall product has been eagerly awaited by Caribbean governments as we all realize that considerable damage in the region is caused by rainfall and flooding. This product complements CCRIF’s hurricane coverage which determines losses based on wind and storm surge. We commend our eight members for taking the initiative and purchasing this ground-breaking product and hope that other countries in the region will follow.”

In expressing Swiss Re’s support, Mr. Martyn Parker, Chairman, Global Partnerships stressed, “Securing excess rainfall insurance protection demonstrates that Caribbean countries are taking a proactive approach to manage the contingent risks posed by climate change. Swiss Re is proud to support them in their efforts to ensure fiscal stability after a disaster.”

These countries will now be able to respond better to an event such as the trough that brought heavy rains to the Eastern Caribbean in December last year, which resulted in loss of life, extensive damage to infrastructure and wide-spread economic disruption. The excess rainfall product is independent of the tropical cyclone product and if both policies are triggered by an event then both payouts are due.

Taking into consideration the fiscal challenges that many of our members face and their increasing levels of vulnerability, CCRIF continues to work towards reducing the overall premium cost to members. To this end, for the 2014-2015 policy year, CCRIF offered two one-off premium discount options due to a third successive year in which none of the policies held by member countries were triggered by an event. The two discount options were: a 25% discount on tropical cyclone and

earthquake policy premium if no excess rainfall policy is purchased; and up to a 50% discount if applied to an excess rainfall policy.

Also, as done previously, for 2014/2015 policies, CCRIF allowed 50% of the total premium to be held as paid-in Participation Fee (the one-time fee paid when a country joins the Facility), with the excess therefore being available to co-fund premium, providing an opportunity to further reduce current expenditure on policy premiums. Additionally, countries which have not already done so can exercise the option to reduce their attachment point to a 10-year return period for tropical cyclones. This would result in coverage being secured for events that occur more frequently than was previously available.

As the main part of the Atlantic Hurricane Season approaches, CCRIF remains committed to supporting its members in their disaster risk management initiatives and their progress towards climate resiliency.

Note: TRMM is a research initiative undertaken by the US National Aeronautics and Space Agency (NASA) and the Japan Aerospace Exploration Agency (JAXA).

About CCRIF: CCRIF is a not-for-profit 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 parametric insurance policy is triggered. It is the world's first regional fund utilising parametric insurance, giving Caribbean governments the unique opportunity to purchase earthquake and hurricane 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 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. Since the inception of CCRIF in 2007, the Facility has made eight payouts totalling US\$32,179,470 to seven member governments. All payouts were transferred to the respective governments within two weeks after each event.

For more information about CCRIF, please visit the CCRIF website at www.ccrif.org or send an email to pr@ccrif.org.

Contact: CCRIF Corporate Communications Manager
Email: pr@ccrif.org