

## Goal of Approach:

Tool: Risk Insurance through the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

The main objective of CCRIF is to address disaster risk reduction (DRR) through the fiscal measure of insurance for extreme weather events, in particular, hurricanes.

**Input provided by: Multilateral Environmental Agreements Unit,  
Ministry of the Environment and Water Resources,  
Government of Trinidad and Tobago**

## Main elements of the implementation strategy

The strategy comprises of parametric insurance to limit the financial impacts of catastrophic hurricanes through the provision of short-term liquidity for the following associated events:

- wind
- storm surge
- extreme rainfall (from 2012-2013 insurance year)

Parametric insurance policies use modeled hazard parameters as a basis for loss estimation and very rapid payment as there is no need to estimate damage after an event, providing the Government with liquidity to help with immediate post-disaster recovery as well as medium term rebuilding efforts.

Payouts for tropical cyclones are made on the basis of exceeding a pre-established trigger event calculated in a model in which hazard inputs are generated using from independently-provided input data such as storm data from the National Hurricane Center under the US-based National Oceanic and Atmospheric Administration (NOAA) and parameters fixed within the loss estimation model used to underpin CCRIF's policies. The model calculates the level of wind and ocean hazards, such as storm surge, encountered across the affected area and uses the pre-fixed value and distribution of government exposures to those hazards to calculate a loss. Each individual country chooses its own coverage options in terms of the attachment point (deductible), exhaustion point (coverage limit), and premium. The amount of the premium then dictates how much of the risk between the attachment and exhaustion points they are actually covered for. Payouts above the trigger level increase with the level of modeled loss, up to a pre-defined coverage limit.

Strong financial support is provided to CCRIF by a number of key developed countries and leading financial institutions including the European Union, who recently joined CCRIF's member governments, Canada, the World Bank, the United Kingdom, France, the Caribbean Development Bank, Ireland and Bermuda in contributing to the Facility's claims-paying capacity.

CCRIF has demonstrated an ability to work closely with existing regional and national institutions such as the Office of Disaster Preparedness Management (ODPM) in highlighting the critical role of risk management and transfer and integrating these disciplines into a broader comprehensive disaster management framework being implemented by the Caribbean Disaster and Emergency Management Agency (CDEMA).

The ODPM, formerly the National Emergency Management Agency (NEMA), is a Division of the Ministry of National Security which has shifted from a response-centric approach to an approach which focuses more on mitigation and preparedness. As such, the ODPM seeks to build national Disaster Risk Management and Climate Change Adaptation capabilities with its partners and coordinate response and recovery operations in order to protect the people, environment and economy and ensure a disaster resilient nation. Trinidad and Tobago, as a member of CDEMA, adopted a Comprehensive Disaster Management (CDM) Strategy in 2001, and drafted a CDM Policy Framework in 2010, which guides the activities of the ODPM. CDM includes attention to all phases of the disaster management cycle - prevention, mitigation, preparedness, and response, recovery and rehabilitation. Its emphasis on risk reduction reflects the global trend in disaster management. The

ODPM therefore, places strong emphasis on risk reduction as follows:

- **Prevention** - The outright avoidance of adverse impacts of hazards and related disasters.
- **Mitigation** - The lessening or limitation of the adverse impacts of hazards and related disasters.
- **Preparedness** - The knowledge and capacities developed by governments, professional response and recovery organizations, communities and individuals to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current hazard events or conditions.
- **Response** - The provision of emergency services and public assistance during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected.
- **Recovery** - The restoration, and improvement where appropriate, of facilities, livelihoods and living conditions of disaster-affected communities, including efforts to reduce disaster risk factors.
- **Critical facilities** - The primary physical structures, technical facilities and systems which are socially, economically or operationally essential to the functioning of a society or community, both in routine circumstances and in the extreme circumstances of an emergency.
- **Critical Facilities Protection** - The use of risk management strategies, plans and procedures to reduce the risk of and enhance resilience to the impact of natural and man-made hazards on Critical Facilities.
- **Disaster Risk Reduction** - The concept and practice of reducing disaster risks through systematic efforts to analyse and manage the causal factors of disasters, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.

#### Targeted beneficiaries

Residents within vulnerable communities, including coastal areas, upon disaster impact.

#### Any significant lessons learned

- There is the increased and urgent need for independent input data, not only from the National Hurricane Centre

#### Resource requirements

Data needs: Storm data from the National Hurricane Center, NOAA.

Financial resources: Contributions from donor institutions and developed countries, as well as policy premiums from Government.

#### Potential for replication or scaling-up

Potential for replication in other SIDS and global regions vulnerable to hurricanes/monsoons, particularly South-East Asia.

#### Any additional information

CCRIF's Partners include fifteen (15) other Caribbean governments: Anguilla, Antigua & Barbuda, Bahamas, Barbados, Belize, Bermuda, Cayman Islands, Dominica, Grenada, Haiti, Jamaica, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines and the Turks & Caicos Islands.

November 2010 marked three payouts to the Governments of Barbados, Saint Lucia and St. Vincent & the Grenadines following the passage of Tropical Cyclone Tomas which passed close to these islands on 30 and 31 October, 2010. CCRIF released to each country 50% of their payouts on 7 November, seven (7) days after the storm's passage – well before the end of the customary 14-day waiting period – to facilitate requests from the three countries. The Prime Minister of St Vincent & the Grenadines noted that this early payment would facilitate “urgent restoration of services and clearing of the affected areas.”

The total payouts for the three countries were as follows: Barbados - US\$8,560,247; Saint Lucia - US\$3,241,613 and St Vincent & the Grenadines - US\$1,090,388

