

**Goal of Approach:**

The overarching objective of the Climate Risk Adaptation and Insurance in the Caribbean is to overcome obstacles to the development of mid-level weather related-risk management; to link insurance solutions with DRR as a tool to incentivize sustainable adaptation measures; to support the development of public-private insurance solutions as well as to encourage public safety nets for at risk people, and to demonstrate the value of a regional facility in achieving these goals.

In the first phase, the project is working with local partners in Jamaica, St Lucia and Grenada and with the regional facility, the Caribbean Catastrophe Risk Insurance Facility.

**Input provided by: Munich Climate Insurance Initiative**

**Main elements of the implementation strategy**

This development intervention seeks to demonstrate the value of parametric micro-insurance products as a viable tool for climate risk transfer among vulnerable communities. The target audience of this intervention in addition to the direct beneficiaries includes local insurers, financial services commissions (insurance regulators), social aggregators, etc.

Through pilots, the project would like to help the Caribbean partners in creating an enabling regulatory/legislative environment to encourage the growth of climate risk insurance products. The project has sought to align itself with national priorities in the area of social vulnerability, poverty reduction.

Although, the project is at a very nascent stage of its activities as of now but moving forward it seeks to strengthen its links to national disaster risk reduction policies and advisories and build partnerships to strengthen this initiative.

**Targeted beneficiaries**

The programme helps vulnerable farmers and day labourers in the Caribbean adapt to the impacts of weather-related extreme events by linking loss avoidance and reduction (such as adaptive agricultural techniques, building safer structures) with financial risk management tools.

The programme will significantly improve the security of families' and communities' livelihoods in the Caribbean, by helping farmers and day labourers adapt to the impacts of weather related extreme events. In this way the programme seeks to break the negative cycle of poverty experienced by many in the region.

**Any significant lessons learned**

The programme will share lessons learned with policy makers at the regional and international level. This will inform decision makers about designing approaches to loss avoidance and reduction, on expanding the access of vulnerable people to these schemes and on the potential services and value addition of a regional facility.

The Climate Risk Adaptation and Insurance in the Caribbean programme will demonstrate to leaders from Africa, the Pacific and Latin America whether such an approach would be relevant for risk management in their regions. The programme partners will work with delegates to the UNFCCC to determine what role the international community might play in catalysing similar regional approaches to adaptation, reduction of loss and damage, and insurance.

**Resource requirements**

Capacity needs to be developed within local insurers to develop and administer micro-insurance products  
Regulatory frameworks in the partner countries might need to be examined as well  
Weather data for designing trigger payouts for the insurance products could be further improved.

**Potential for replication or scaling-up**

This development initiative has strong potential for replication and scaling up.

**Any additional information**

The unique partnership facilitates access to new market segments. Its partners include a company specialising in matching local needs with tailored risk management products, a regional facility with understanding of the regulatory environment and ability to serve as a regional risk aggregator, and a leading reinsurer with expertise in modeling, product structuring, and international practice and policy. The unique composition of the partnership will enable the programme to showcase a new way of sustainably managing weather-related risks at a regional level, will allow a formerly uncovered proportion of the population to participate in the insurance market and may even foster the development of local insurance industry.