

Climate Risk Adaptation and Insurance in the Caribbean



CRAIC Project Overview

Project Vision

The Climate Risk Adaptation and Insurance in the Caribbean project seeks to address climate change, adaptation and vulnerability by promoting weather-index based insurance as a risk management instrument in the Caribbean.

Key Project Objectives

1. Help target countries **increase social resilience and incentivize sustainable adaptation** measures by incorporating climate risk insurance within a broader framework of disaster risk reduction strategies.
2. Support the development of **weather-related risk management** solutions, including insurance.
3. Support the development of **public-private insurance solutions**, so financial support is extended to the most vulnerable groups.

CRAIC Project Partners



- 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 – since 2015 – Central American governments by quickly providing short-term liquidity when a parametric insurance



- The ILO's Impact Insurance Facility is enabling the insurance sector, governments, and their partners to embrace impact insurance to reduce households' vulnerability, promote stronger enterprises and facilitate better public policies.



- Munich Re is the world's largest reinsurer and supporter of the Munich Climate Insurance Initiative (MCII). Munich Re contributes its expertise on product structuring and risk modelling,



- DHI supported the trigger design, risk modelling and satellite data monitoring for the implemented products.



- Grace Kennedy Insurance (GKI) is a leading direct insurance company, having its registered and licensed office in Kingston, Jamaica.

- EC Global Insurance Company Limited is an insurance agency in St. Lucia which offers a range of commercial policies, Group Credit Life Insurance as well as LPP



Index Insurance - General

Parametric (or index) insurance is...

- ...a type of insurance whereby the claim pay-out is linked to an index rather than to an actual loss of the policyholder
- Examples:

Rainfall
(excess or lack of)

Wind speed

Temperature

Crop yields

Earthquake
intensity

Flood Levels

Index Insurance & LPP

What is the Livelihood Protection Policy (LPP)?

Parametric insurance product

- Protection of income in case of loss from **extreme weather events**, allowing individuals provide for their families and to support business continuity

Triggers are based on

- Excess rainfall
- Strong wind speed

Target group




- Any and all individuals, groups and businesses whose lives are impacted by extreme weather

Importantly – ***it is not linked to a specific asset***



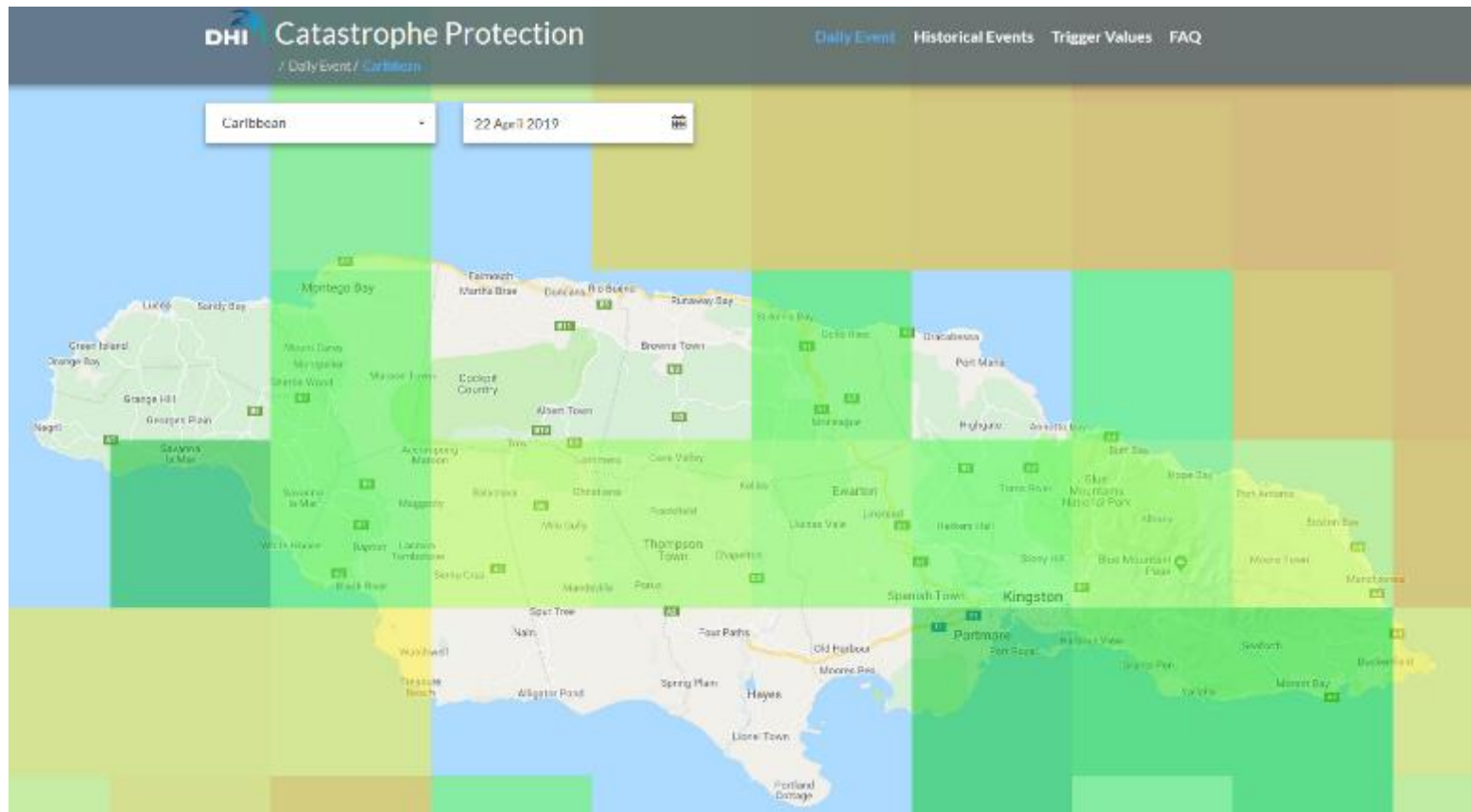
What does LPP look like?

Example: St. Lucia Trigger levels and pay outs per unit

	TRIGGER 1 (20%: MILD)	TRIGGER 2 (40%: MODERATE)	TRIGGER 3 (75%: SEVERE)	TRIGGER 4 (75%: EXTREME)
Wind 	67 mph	88 mph	101 mph	104+ mph
Rainfall 	6.1 inches in 24 hrs	7.3 inches in 24hrs	9.2 inches in 24 hrs	9.7 inches in 24 hrs
Payout 	\$200	\$400	\$750	\$1000

Weather monitoring

Jamaica Snapshot from earlier this week



Success stories of providing protection

➤ https://www.youtube.com/watch?v=lv-Gt_cS60U.



Thank you for your time
and participation!



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IMPACT INSURANCE

www.ilo.org/impactinsurance

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