

Central American and Caribbean Catastrophe Risk Insurance Facility Initiative (CCRIF)

Improving access to natural disaster insurance

CCRIF is a Caribbean climate risk insurance facility designed to limit the financial impact of hurricanes, extreme rainfall and earthquakes by providing rapid financial liquidity when pre-agreed triggers are met.

The CCRIF initiative aims to improve access to affordable and high quality disaster insurance for the Central American countries and to increase the capacity of these countries to develop and implement financial risk hedging strategies. CCRIF is a Multi-Donor Trust Fund (MDTF) under the technical leadership of the World Bank. Nineteen Caribbean governments and one Central American government are currently members of the facility. KfW is funding the MDTF on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). Major donors of the MDTF are Canada, the United States, the European Union and Germany.

High vulnerability of CCRIF countries

Latin American and Caribbean countries are frequently hit by hurricanes and earthquakes. The CCRIF idea was prompted by hurricane Ivan in 2004, which hit most Caribbean countries and caused losses close to 200% of the national annual GDP in Grenada and the Cayman Islands. In the aftermath of such climate-related extreme weather events, governments face major challenges as:

- National budget and public debt burdened by post-disaster reconstruction
- Weak financial disaster risk management capacities and strategies

- Delayed financial support by the international community increasing vulnerability of the affected populations
- Difficult access to climate risks insurance coverage for vulnerable and financially weak countries.

Concept

To address these issues, CCRIF, as a regional insurance company for the governments, is specifically designed to help mitigate the short-term cash flow problems small developing economies suffer after major natural disasters.

CCRIF uses parametric insurance, ensuring the payout of insured events within 2 to 4 weeks. CCRIF is supported by a World Bank administered MDTF that promotes the development and implementation of three components:

- an insurance against earthquake for Central America;
- an insurance against tropical cyclones, heavy rain and other climate risks in Central America;
- an insurance against heavy rainfall and other climate risks in the Caribbean region.

The MDTF provides also technical assistance for the development of national risk profiles and strategies, for measures to increase transparency and accountability in post-disaster reconstruction, and is organizing dedicated workshops on knowledge management.

Payouts

CCRIF became crucial supporting countries to fill the gap between immediate response aid and long-term redevelopment. Between June 2007 and October 2018, CCRIF made cumulated payouts to 14 countries reaching over 138 Mio USD. In September 2017, 10 countries received a cumulated amount of nearly 59 Mio. USD following the devastating effects of hurricanes "Irma" and "Maria" and heavy rainfall events in the Caribbean.

>>> KfW Climate Risk Insurance: Project Portfolio

InsuResilience Solutions Fund (ISF)

Targeted market: global;

Insurance approach: macro- meso- and micro-level;

Financial commitment: EUR 15 m

Providing partial grant funding and advice for the development of climate risk insurance products, to bring insurance solutions from concept to implementation stage ready for market placement.

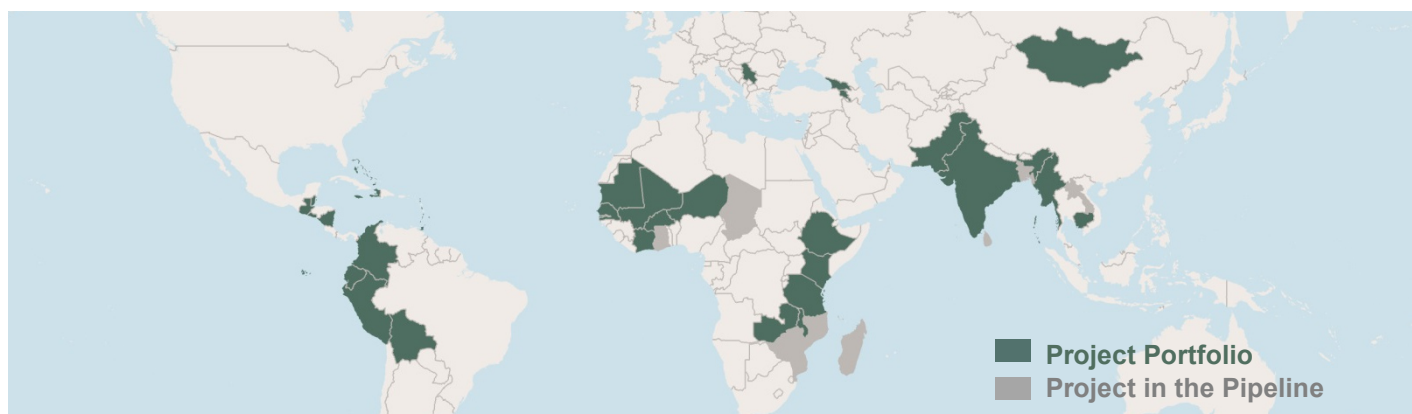
InsuResilience Investment Fund (IIF)

Targeted market: global;

Insurance approach: meso- and micro-level;

Financial commitment: EUR 74.8 m

Promotion of the development of climate risk insurance products by providing debt and equity, along with technical assistance.



The Caribbean and Central American Catastrophe Risk Insurance Facility (CCRIF)

Targeted market: Central America and the Caribbean;

Insurance approach: macro-level;

Financial commitment: EUR 15 m

Support of an existing index insurance pool which offers index insurance policies against earthquakes, tropical cyclones and excess rainfall.

Agricultural Insurance in Armenia

Targeted market: Armenia;

Insurance approach: meso- and micro-level;

Financial commitment: EUR 5.3 m

Development of need-based agricultural insurance solutions for poor and vulnerable households.

MiCRO (SDC Mandate)

Targeted market: Central America;

Insurance approach: micro-level;

Financial commitment: EUR 3.6 m

Promotion of need-based insurance solutions against natural disasters.

African Risk Capacity (ARC)

Targeted market: Africa;

Insurance approach: macro-level;

Financial commitment: EUR 92.2 m

Provision of index insurance policies against drought to qualified member states of the African Union.

Direct Climate Agricultural Insurance

Targeted market: Serbia;

Insurance approach: micro-level;

Financial commitment: EUR 8.5 m

Combination of working capital loan (seed) and insurance of basic risks to professionalise farm risk management.

ARC Replica

Targeted market: Africa;

Insurance approach: macro-level;

Financial commitment: EUR 10 m

Replication of insurance policies of ARC member states for international humanitarian aid organisations.

Rural Resilience Initiative (R4)

Targeted market: Ethiopia;

Insurance approach: micro-level;

Financial commitment: in the pipeline

Supporting the upscale of WFP's Rural Resilience Initiative (R4) in Ethiopia to increase the resilience of low-income farm households.

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Contact

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