



Central America & Caribbean Catastrophe Risk Insurance Project (P149670)

LATIN AMERICA AND CARIBBEAN | Latin America | Social, Urban, Rural and Resilience Global Practice Global Practice | Recipient Executed Activities | Investment Project Financing | FY 2015 | Seq No: 2 | ARCHIVED on 09-May-2016 | ISR23109 |

Implementing Agencies: CCRIF SPC

Key Dates

Key Project Dates

Bank Approval Date:30-Jun-2015

Effectiveness Date:14-Oct-2015

Planned Mid Term Review Date:01-Aug-2017

Actual Mid-Term Review Date:--

Original Closing Date:30-Jun-2019

Revised Closing Date:30-Jun-2019

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to improve affordability of high quality sovereign catastrophe risk transfer associated with earthquakes and climate-related events for CCRIF Participating Countries.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component 1: Finance Parametric Earthquake Risk Insurance for COSEFIN Participating Countries:(Cost \$7.00 M)

Component 2: Finance Parametric Climate Risk Insurance for COSEFIN Participating Countries:(Cost \$12.50 M)

Component 3: Finance Parametric Climate Risk Insurance for CARICOM Participating Countries:(Cost \$4.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial



Implementation Status and Key Decisions

This is the second ISR for the Central America and Caribbean Catastrophe Risk Insurance Project. The Project was approved by the World Bank's Regional Vice President for Latin America and Caribbean Region on June 30, 2015. The Grant Agreement with CCRIF Segregated Portfolio Company (CCRIF SPC) was signed on July 16, 2015 and became effective on October 14, 2015.

Implementation has begun and the Task Team has continued to work with the Council of Ministers of Finance of Central America, Panama and the Dominican Republic (COSEFIN) and CCRIF towards the advancement of expansion to Central America. In particular, CCRIF has advanced on the development of the excess rainfall (XSR) insurance model, which will be available to COSEFIN countries for coverage for the 2016/2017 policy period, which starts on June 1, 2016. This will be in addition to the already existing earthquake and tropical cyclone products.





Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● Moderate	● Moderate
Macroeconomic	--	● Moderate	● Moderate
Sector Strategies and Policies	--	● Low	● Low
Technical Design of Project or Program	--	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Moderate	● Moderate
Environment and Social	--	● Low	● Low
Stakeholders	--	● Substantial	● Substantial
Other	--	● Moderate	● Moderate
Overall	--	● Substantial	● Substantial

Results

Project Development Objective Indicators

► CCRIF premiums are lower than the simulated price for a comparable coverage that any member country could purchase individually in the market (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Y	Y	Y	Y



Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019
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Comments

By modeled estimates, CCRIF premiums for its Caribbean members and Nicaragua remain lower than the simulated price for a comparable coverage purchased individually in the market. Information for this indicator will be updated after CCRIF policy renewal in May-June 2016.

► Any CCRIF member country with catastrophe risk coverage has received payment within a month of the occurrence of an event which triggers an eligible loss (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	100.00	100.00
Date	30-Jun-2015	--	29-Apr-2016	30-Jun-2019

Comments

Since approval of the Project in June 2015, one event occurred that triggered the insurance policy of a CCRIF member country. Within a month, CCRIF SPC had made payment to the Government of Dominica in the maximum payable amount under its excess rainfall policy (US\$ 2.4 million) following the rains that occurred during Tropical Storm Erika on August 27, 2015 (per CCRIF SPC's press release dated September 10, 2015). The payout was made within using CCRIF counterpart funding (not Grant funding from the Project).

Overall Comments

Intermediate Results Indicators

► Earthquake risk policies for COSEFIN member countries provide increasing insurance coverage and/or a lower attachment point (insurance deductible) for a given premium amount (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	Y	Y
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

Baseline values for the first year of coverage:

Nicaragua (for the 2015-2016 policy period): For a US\$ 500,000 premium for earthquake coverage, the attachment point (insurance deductible) is \$20,958,698. The exhaustion point is \$286,748,494 and the coverage limit is \$9,926,983.



- Pricing of the earthquake risk policies purchased by COSEFIN member countries has actuarial consistency with CCRIF's survivability and long-term sustainability (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	--	Y
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

No track record yet.

- Fulfillment of technical preconditions to offer excess rainfall products that are credible to the reinsurance market (per COSEFIN country) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	3.00
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

Technical design work is underway and expected to be completed in time to provide XSR coverage to COSEFIN countries for the 2016/2017 policy period.

- Climate risk related policies for COSEFIN member countries provide increasing insurance coverage and/or a lower attachment point (insurance deductible) for a given premium amount (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	Y	Y
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

Baseline values for the first year of coverage:

Nicaragua (for the 2015-2016 policy period): For a US\$ 500,000 premium for tropical cyclone coverage, the attachment point (insurance deductible) is \$607,577. The exhaustion point is \$83,667,096 and the coverage limit is \$8,091,944.



- Pricing of the climate risk related policies purchased by COSEFIN member countries has actuarial consistency with CCRIF's survivability and long-term sustainability (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	--	Y
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

No track record yet.

- Fulfillment of technical preconditions for improved models for CARICOM countries with excess rainfall coverage and/or development of new models to offer climate risk products to these countries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	4.00
Date	30-Jun-2015	01-Oct-2015	29-Apr-2016	30-Jun-2019

Comments

Twelve (12) CARICOM countries currently benefit from excess rainfall coverage for the 2015-2016 season. Technical design work for improved models for CARICOM countries is underway and expected to be completed in time for the 2016/2017 policy period.

- Climate risk related policies for CARICOM member countries provide increasing insurance coverage and/or a lower attachment point (insurance deductible) for a given premium amount (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	Y	Y
Date	30-Jun-2015	--	29-Apr-2016	30-Jun-2019



► Pricing of the climate risk related policies purchased by CARICOM member countries has actuarial consistency with CCRIF's survivability and long-term sustainability (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	Y	Y
Date	30-Jun-2015	--	29-Apr-2016	30-Jun-2019

Overall Comments

Data on Financial Performance

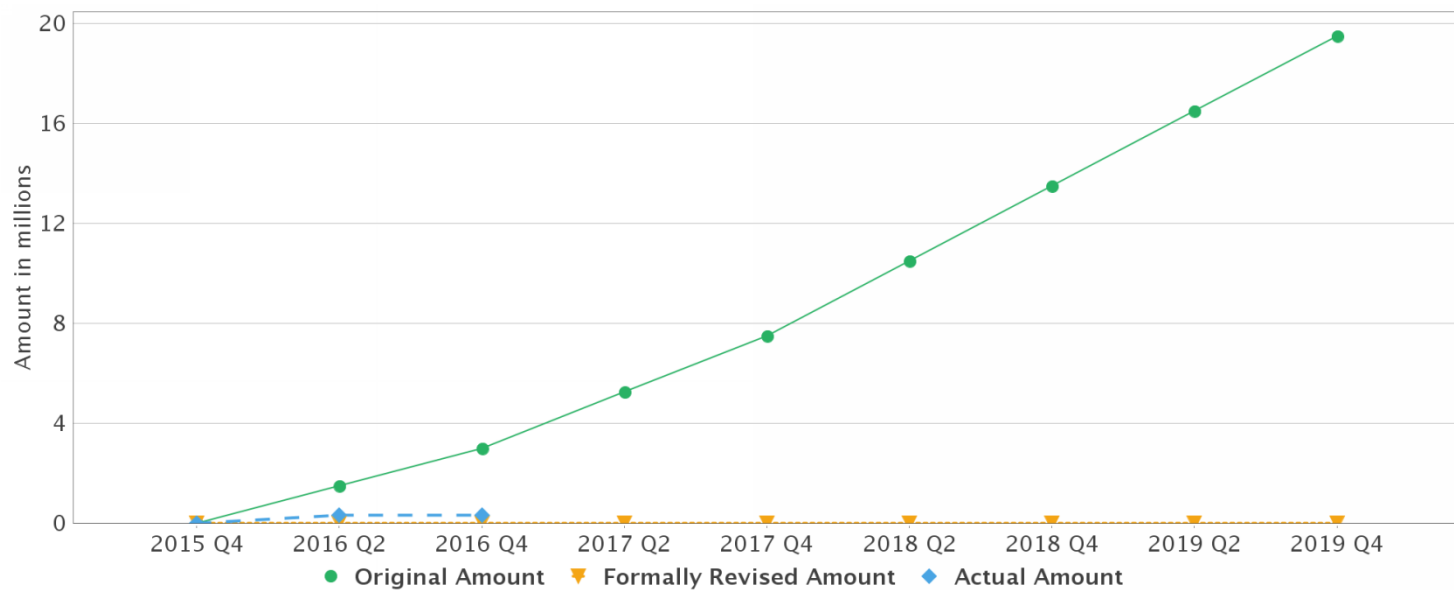
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P149670	TF-A0564	Effective	USD	19.50	19.50	0.00	0.32	19.18	2%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P149670	TF-A0564	Effective	30-Jun-2015	16-Jul-2015	14-Oct-2015	30-Jun-2019	30-Jun-2019

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.