



# PRESS RELEASE



OFFICE OF THE HIGH REPRESENTATIVE FOR THE LEAST DEVELOPED COUNTRIES,  
LANDLOCKED DEVELOPING COUNTRIES AND SMALL ISLAND DEVELOPING STATES

## **World Bank, UN-OHRLLS introduce catastrophe risk insurance facility to Small Islands**

**NEW YORK, 2 May:** The UN-OHRLLS and the World Bank organized a special event on the issue of “catastrophe risk insurance facility” for the benefit of Small Island Developing States (SIDS) at United Nations headquarters.

With the successful launching of the first-ever Caribbean Catastrophe Risk Insurance Facility (CCRIF) earlier this year at the World Bank in Washington D.C., the SIDS in other regions were also showing interest in replicating such a scheme in their regions.

Mr. Francis Ghesquiere of the World Bank made a presentation to explain the ideas and methodology behind such a facility.

He did this in the context of the CCRIF. He explained that the Facility will provide insurance coverage to participating countries at a significantly lower cost than individual governments could obtain on their own, by enabling participating countries to pool their individual risks into a single, better diversified portfolio.

The Facility would seek to retain some of this risk through a reserve fund established with the assistance of donor partners.

Facility will transfer the risks it cannot retain to the international financial markets. This will be done through reinsurance or through other financial coverage instruments.

Insurance coverage will rely on parametric techniques; payouts would be calculated based on the estimated impact of an adverse natural event on each government’s budget.

The estimated impact will be derived from probabilistic catastrophic risk models developed specifically for the Facility. Participating countries will receive compensation proportional to the losses from the predefined events depending on the level of coverage agreed upon in the insurance contract.

High Representative Anwarul K. Chowdhury moderated the proceedings. The new Chairman of AOSIS and the Permanent Representative of Grenada, Ambassador Angus Friday also addressed the event.

Chowdhury concluded saying that the facility would be improved in the future with experience gained. He also mentioned that such a facility should be replicated in the Pacific and AIMS regions to take into account regional conditions.