What is Climate Risk Insurance (CRI)?

- A tool to spread risk over people and time
- Most suitable for high-impact, low frequency events

**Types of CRI**

- **Indemnity-based insurance**: linked to the actual losses incurred by the insured
- **Index-based insurance**: payout if a physical loss parameter (e.g. wind speed) is reached
- **Yield index insurance**: pays out if the actual yield in a given region falls below an agreed percentage of the yield guarantee

Source: MCII and GIZ, own design, elaborated from World Bank (2011)
Benefits to farmers

After the event:
• Insurance increases financial liquidity
• Insurance helps to keep business interruptions as small as possible
• Insurance payouts can boost the economy

Before the event:
• Insurers can help to identify risks
• Insurance increases risk awareness
• Insurance facilitates financial planning
• Insurance can promote risk reduction behavior
Lessons Learned from the CRAIC Project

About the Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) project:

• **Consortium:** MCII, CCRIF SPC, Munich Re, DHI, ILO’s Impact Insurance Facility

• **Objective:** To create and introduce parametric microinsurance into Caribbean markets

Lessons Learned from CRAIC project:

• **Segmented approach:** product variety for increased viability

• **Group policies:** applying discounts to incentivize group sales

• **Partnerships:** scaling up through collaboration with local NGOs and governments