



FOR IMMEDIATE RELEASE

PCRIC's Response to the Tongan Volcanic Eruption and Tsunami

Cook Islands, 21 February 2022: Recent images showing the recovery efforts underway in Tonga remind us again of the tragic event which befell our neighbour just over a month ago. The extent of the human cost with lives lost and many families entirely dislocated is immeasurable, eased only by the knowledge that the whole Pacific Island community continues to share the grief and heartache with Tonga. The World Bank has estimated the immediate cost of damage to be approximately US\$90m, with the ongoing cost to the economy of Tonga to be much greater.

This event is yet another palpable reminder of the many risks that our PICs face, and has shown yet again how quickly circumstances can change for us. With family homes, livelihoods and public buildings wiped out in just a few short minutes, the impact will be evident for many years to come. Yet amidst the chaos and calamity, truly amazing stories of heroism and survival also emerged, these offering inspiration in terms of resilience and fresh hope for tomorrow.

The event also speaks to the principles and wisdom behind the creation of the Pacific Catastrophe Risk Insurance Company. PCRIC was established to contribute positively to the Disaster Risk Finance needs of Pacific Island nations through the provision of appropriate insurance products and services on a commercially sustainable basis.

Since inception, PCRIC's objective has been to offer a range of disaster risk finance products based upon the best technical knowledge and the deepest understanding of risk as it applies to any specific event occurring within the region. We provide autonomous choice to individual nations, while sharing the benefits of a regional pooling of both risk and resources.

We are proud to have been able to honour our policy commitments to a number of client nations in the past, including Tonga, which previously received a record payout for Cyclone Gita (February 2018) and Harold (April 2020). In this most recent incident, as always, PCRIC's response has been guided by the policy in place. Following a thorough assessment of the circumstances surrounding the Hunga Tonga-Hunga Ha'apai event, both PCRIC and Tonga have acknowledged that a policy payout in this situation would not have been in accordance with the mutually agreed policy coverage. However, this outcome by no means diminishes the concern PCRIC has for the nation and people of Tonga.



PCRIC's efforts and services go well beyond a portfolio of sovereign-based financial products and we have reached out to the Government of Tonga to offer whatever assistance they may require of us. Meanwhile, we continue to leverage our position within the cohort of Disaster Risk Finance institutions operating within the region, and are actively engaged in dialogue with numerous entities, advocating on Tonga's behalf.

As devastating as the physical damage has been to Tonga, we share a greater burden for the enormous human toll this event will exact on the hopes and aspirations of the Tongan community well into the future. PCRIC stands with the people of Tonga, committed to an ongoing dialogue of positivity, solidarity, hope and encouragement. We believe this action will have an impact well beyond the reach of any financial instrument.

We already see the seeds of hope - the value of careful planning of disaster risk finances and establishing robust preparedness and response strategies has clearly been demonstrated by the government of Tonga. It has indeed done an incredible job of serving and supporting the community in the aftermath of this disaster. Together with the generous support of the international community, these things give us all great confidence in the capacity of Tonga, her leaders and her people to recover and continue building a positive future.

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