



PACIFIC
CATASTROPHE
RISK INSURANCE
COMPANY

**ANNUAL
REPORT
2021**

**PACIFIC
CATASTROPHE
RISK INSURANCE
COMPANY**





Photo Supplied by the Tonga National Emergency Management Office

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1 List of Acronyms



ANZIIF	Australian and New Zealand Institute of Insurance and Finance
ARC	African Risk Capacity
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDP	Centre for Disaster Protection
CROP	Council of Regional Organizations of the Pacific
CoM	Council of Members
DFID	Department for International Development
FEMM	Forum Economic Ministers Meeting
FSC	Financial Supervisory Commission
FY	Financial Year
GAAP	Generally Accepted Accounting Practice
IDA	International Development Association
IGP	InsuResilience Global Partnership
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
MoUs	Memorandum of Understanding
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PCRIC	Pacific Catastrophe Risk Insurance Company
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
RAS	Risk Appetite Statement
RI Broker	Reinsurance Broker
RRS	Risk Register System
SPC	The Pacific Community
TA	Technical Assistance
TC	Tropical Cyclone

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2.1 Message from the Chair



Sarah-Jane Wild
Chair

As we reflect on the 2021 year, like many organisations within the Pacific Islands region and beyond, the continued presence of the COVID-19 pandemic left its imprint on the activities and accomplishments of PCRIC. Equally, the fiscal impact of the pandemic on the many small and fragile economies of our region continued to place extreme demands on available financial resources. Such pressure only acted to highlight the merits of astute financial management in the face of the unpredictable but inevitable disasters that impact our region.

Throughout 2021, PCRIC continued to remain focused in our endeavours to serve the island nations of the Pacific well. We took many important steps towards fulfilling our vision as a

key regional organisation dedicated to strengthening the resilience of the Pacific region to the impact of climate and natural hazards. It has been obvious to our Board that in this, the successes owe much to the initiative, tenacity and resilience of our valued staff and advisors who together have faced and overcome numerous hurdles, allowing us all to look back on the year with a sense of achievement. Contributing to this has been the influence and leadership of our first-ever local Pacific Islander CEO, Mr Aholotu Palu, who was appointed in September 2020. He joined us at a critical time in the evolution of PCRIC and has set us on a course for transition into a diverse, responsive and sustainable disaster risk management partner in the Pacific.

An important achievement in the course of the year was the Board signing off on the 2021-2025 Strategic Plan along with the development and launch of PCRIC's website. This was the result of a great collaborative effort from our team. After extensive consultation with Pacific member countries, donors and a range of other stakeholders, we are equipped with a clear set of objectives and the strategies necessary to ensure that over the short to medium-term we can be expected to make a unique and valuable contribution to the disaster risk financing needs of member nations.

We have also made significant progress in reviewing our disaster models, data sets, risk transfer instruments, and product design and range, all with the intent of ensuring what we offer is fully relevant and fit for purpose in the Pacific Islands' context.

Looking into 2022 and beyond, we are excited about the new disaster insurance programs we expect to introduce and the opportunities for improved coverage across a larger

number of member nations. And with border restrictions eased, we welcome the opportunity to have a greater presence and capacity to support members throughout the region.



Sarah-Jane Wild

Chair

2.2 Message from the CEO



Aholotu Palu
CEO

As CEO it brings me great pleasure to present the first ever PCRIC Annual Report since the establishment of the company in 2015. This report focuses on the activities and outcomes for the year 2021, and provides a reflection of the forethought and diligence of those who worked tirelessly in previous years to establish the organisation. In my role, I have been repeatedly impressed and encouraged by the level of support and commitment made to the vision and purpose of the organisation by our donors, our Board, our advisors, development partners and other stakeholders throughout the year. I have no doubt about the influence this support and commitment had in ensuring that despite the challenges of 2021, we ended

the year in a strong operational position and stable financial status.

With nations of the Pacific Islands region at increasing risk of catastrophic impact from climate and natural hazards, the need for a specialist, regionally-based entity providing financial risk management and transfer instruments together with targeted technical support has never been greater. Motivated by the desire to effectively meet this need throughout the course of 2021, PCRIC took many progressive steps to cement its position within the regional DRF infrastructure.

A vital priority to this end was securing an extension of World Bank PCRAFI project upon which PCRIC was founded. Successful negotiations in this regard enabled us to confidently pursue key objectives in a number of areas including organisational structure, regional integration, product development, staffing, premium finance, technical support, product knowledge and outreach to determine country priorities.

PCRIC became a segregated cell entity in December 2021. A legislation was passed which will enable PCRIC to offer a wider array of products, and extend its reach through support of disaster risk management initiatives directed towards the needs of the private sector.

Further, we made significant progress in our plan for localisation of key roles. By year's end we had identified a number of high-calibre Pacific candidates from which a final selection will be made as soon as practicable in 2022.

In terms of integration into the region's DRF infrastructure, PCRIC demonstrated its commitment to promoting a broad-based framework for collaboration through the signing of a number of significant MoUs during 2021, with additional collaborative engagements pending at year's end.

Additionally, after years of focused development of the legal framework and technical foundations for our product offering, in 2021 we initiated a major initiative to enhance political visibility and improve access to disaster risk finance and insurance information through PCRIC's new website. To complement this, we participated in a wide variety of regional events including the Forum Economic Ministers Meeting 21 (FEMM) and launched an extensive internship program with students from the University of the South Pacific. Such activities provide an important platform which will now be leveraged to support the development of disaster risk management knowledge and skills throughout the region.

In 2021, PCRIC commenced a new product development cycle. To better reflect the nature of various risks faced by individual nations, we've

acknowledged the need to provide a wider range of disaster response insurance options. This is a complex and time-consuming task, but we are expecting to see an excess rainfall product introduced during the course of 2022.

Despite the accomplishments on many fronts, throughout the entire year the number of member countries taking advantage of PCRIC policies and programs remained static. This is of concern as a growing membership base is critical to the longer-term sustainability of the organisation. By revisiting membership fees, and reaching out to donors for support with premium finance in the course of 2021, PCRIC has done much to address financial impediments to accessing the disaster risk insurance, risk management tools and technical support services we provide. The progressive reopening of international borders in 2022 and beyond will see PCRIC invest significantly more time and effort into addressing gaps in product knowledge and political willingness, mindful that the decisive commitment to PCRIC membership is one of the best actions our island nations can take to garner the support of donors in addressing the risks we face, both now, and into the future.



Aholotu Palu
CEO

3.1 About PCRIC

The Pacific Catastrophe Risk Insurance Company (PCRIC) is a regionally dedicated insurance company owned for the benefit of Pacific Island Countries and Territories (PICs) through the Pacific Catastrophe Risk Insurance Foundation (PCRIF). The overarching Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) insurance program was designed to provide parametric climate and disaster risk insurance to member countries in the Pacific region. Such insurance is intended to provide a rapid post-disaster injection of finance to help participating governments fund early relief and recovery efforts as quickly as possible.



Tropical Cyclone and Earthquake or Tsunami induced by Earthquake

During its pilot phase, which commenced in January 2013, the PCRAFI insurance program provided earthquake and tropical cyclone insurance solutions. In the event that disaster struck, these products were intended to help impacted participating nations avoid compromise to their fiscal balances and development objectives.

Following the successful pilot phase and the endorsement by the Forum Economic Ministers Meeting in 2015, a dedicated insurance vehicle was established by legal statute in the Cook Islands on 10 June, 2016. This was tasked with provision of a disaster risk insurance program to PICs on a long-term basis. The vehicle, PCRIC, was established as a “group captive” insurer, fully owned by PCRIF. PCRIF is an independent Foundation with a Council of Members (CoM) comprising member PIC representatives plus the representation of donors.

PCRIC products are designed to meet specific needs identified by Pacific Island nations, and in times of crisis, aim to deliver timely post-disaster liquidity to support rapid relief. In addition, in collaboration with PIFS, PCRIC is able to

facilitate technical assistance to help countries build resilience to disaster and climate risks and in this way help them sustain development gains. Current Pacific Island country members of the Foundation (PCRIF) are Cook Islands, Fiji, Marshall Islands, Samoa, Tonga and Vanuatu. All other member nations of the Pacific Island Forum Secretariat (PIFS) are eligible and are actively encouraged to become members.

Canada, Germany, Japan, the United Kingdom, and the United States have provided grant support towards the establishment and capitalisation of PCRIF, and these funds have been managed in a Multi-Donor Trust Fund at the World Bank.

To date, four payouts have been made for an aggregate amount of more than US\$11 million. These payouts, all received immediately post-disaster(s), were the first financial injections of emergency funds made into each country.



Tropical Cyclone Ian, Tonga

Payout US\$1.27m

Received within 14 days of the disaster



Tropical Cyclone Pam, Vanuatu

Payout US\$1.9m

Received within 11 days of the disaster



Tropical Cyclone Gita, Tonga

Payout US\$3.5m

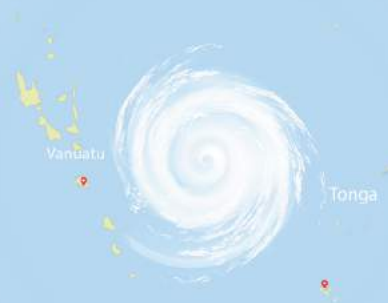
Received within 7 days of the disaster



Tropical Cyclone Harold, Tonga

Payout US\$4.5m

Received within 10 days of the disaster



3.2 PCRIC Vision

To strengthen the resilience of the Pacific region to disaster and climate risks impact.

3.3 PCRIC Mission

PCRIC's mission is to increase the range of disaster risk assessment tools and risk transfer products offered to the region and be the partner of choice to support countries in providing cost-effective disaster risk finance.

3.4 PCRIC Strategic Objectives and Themes

PCRIC operates on the platform of five strategic themes which were developed through a consultative process with the PCRIC Board, service providers, and other regional stakeholders. These inter-related and mutually reinforcing themes establish the framework within which PCRIC pursues its vision and mission, supports member nations, measures performance, and collaboratively engages with others in the DRF ecosystem.

Figure 1: PCRIC's Strategic Themes



About this Report

As required by the World Bank's Grant Agreement and being best practice for development activities, periodic reports are to be provided to key stakeholders covering progress of the project and achievement of its objectives based on agreed results indicators.

This 2021 Annual Report covers the calendar year and is the first such report compiled by PCRIC for its member countries, donors, regional partners and the Board. It aims to appraise stakeholders of the progress and achievements of PCRIC over 2021, providing key updates on the operational, financial and investment performance of the business, as well as outlining key lessons learned and future actions.






The Report draws on evidence from PCRIC program reports, PCRIC strategic and business plans, technical and management updates, and interviews with the CEO and the core technical team. The analysis presented distils this evidence and provides a comprehensive assessment of the PCRIC's performance in 2021.

Operations updates for this Report are based on PCRIC's strategic indicators outlined in its Monitoring and Evaluation (M&E) framework. This combines PCRIC's project indicators (indicators PCRIC agreed to with the World Bank as part of the project extension in 2021) and PCRIC's strategic indicators (indicators that PCRIC uses to measure its internal and regional performance as a Pacific Islands Company). To support a focused operations update and enhance utility-focused reporting, summarised updates of the strategic indicators are provided. The Report synthesises evidence and provides an update of each indicator referencing the baseline and targets. Updates on progress are provided, as it is an indication of whether or not the targets have been met, together with what challenges exist and proposed future actions to address these.

4 2021 Performance Highlights

2021, like 2020, was punctuated by the COVID-19 pandemic which saw continued travel restrictions and closed borders across the world and in the Pacific. Within the Pacific, many PCRIC member countries remained closed throughout the whole year, with Fiji only reopening its borders to visitors in December 2021. Despite this, with benefit of marketing and communications support, PCRIC continued to successfully build its regional engagement programme with both existing members and potential new member countries. The table below provides the performance highlights for 2021 and their contribution to the strategic themes of PCRIC:


Table 1: PCRIC 2021 Key Achievements

Strategic Theme	Key Achievements
Accelerate Regional Integration 	<ul style="list-style-type: none"> • Held more than 10 bilateral meetings, workshops and conferences with Pacific Island Countries (PICs). • Secured premium financing support for PICs to purchase insurance. • Shortlisted high-calibre Pacific Island candidates for roles in its technical team. • Pacific Islands Forum Secretariat (PIFS) approved PCRIC as an observer member. • PCRIC initiated consultations with the Council of Regional Organisations of the Pacific (CROP) Agency leadership to consider PCRIC membership of the organisation. • Signed MOU with PIFS to enable institutional cooperation to promote capacity building and technical assistance to the Forum member countries in order to support improved disaster risk finance.
Broaden Technical Capability 	<ul style="list-style-type: none"> • Diversifying its product offering by continuing the development of new insurance products for drought and excess rainfall. The excess rainfall product (due in 2022) and the drought product (due in 2023) are being developed as an addition to the current cyclone and earthquake products. • Developing a Technical Assistance Strategy that will provide parameters of engagement with regional organisations and PICs on disaster risk finance. • Launched a Pacific-wide internship program for graduate and undergraduate students at the University of the South Pacific interested in disaster risk management; our future leaders in the region.
Operational Excellence 	<ul style="list-style-type: none"> • PCRIC is fully operationalised with the Company's standard operating procedures in full effect. • PCRIC continues to make full insurance payouts to policyholders within 30 days of a covered event occurring. • PCRIC has a strong solvency position and its claim-paying capacity is sufficient to meet a 1-in-10,000-year event (the maximum event in the stochastic event set of the AIR model) after allowing for reinsurance recoveries. • PCRIC total equity is projected to increase through FY 24, subject to new members joining and taking up insurance policies. • PCRIC is very well capitalised, exceeding the statutory minimum capital requirement of NZ\$100,000 over 380 times. • PCRIC Strategic Plan and Business Plan are finalised and approved by the Board.
Consolidating a Compelling Value Proposition 	<ul style="list-style-type: none"> • A Marketing and Communications Strategy is finalised and operational. • The approved Monitoring and Evaluation framework is operational and supporting the performance measurement of the Company.
Establishing new and strategic Global Partnerships 	<ul style="list-style-type: none"> • Secured €10 million from Germany towards policy premium financing and technical capacity building. • Three Memorandum of Understandings (MoUs) have been signed. These are with the Pacific Islands Forum Secretariat (PIFS), InsuResilience Global Partnership (IGP) in Germany and the Centre for Disaster Protection (CDP) based in the United Kingdom.

5.1 Progress Against Key Results Indicators

This section provides updates on PCRIC's strategic indicators outlined in its M&E framework. It provides updates on 16 key indicators as outlined in column number two. The progress updates flow from the baseline (column 4) by looking at the target (column 5) and what progress updates are (column 6).

Table 2: Key Results Indicators Operations Update


Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
Accelerate Regional Integration 	Indicator 1: Number of meetings, workshops, conferences and bilateral meetings held with PICs	Number	0	5	<p>In 2021, the PCRIC CEO held more than 10 bilateral meetings, workshops and conferences with PICs. Meetings were held with participating countries such as Fiji, Tonga, Samoa, Vanuatu, Cook Islands and the Marshall Islands among others non-participating countries like Kiribati, Tuvalu, PNG and Nauru. Objectives of the meetings were to discuss policy renewal and awareness of PCRIC's insurance products and to support data collection for development of the excess rainfall product. With border closures, most of the meetings apart from Fiji were held remotely. With borders reopening in 2022, PCRIC plans to conduct in-country visits to market the company, build relationships and provide disaster risk finance technical assistance. With a target of 5, this indicator is deemed achieved and demonstrates the efforts the CEO has put in place to build the visibility of PCRIC as a Pacific company.</p>	Achieved

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
	Indicator 2: Number of additional countries purchasing insurance per season ¹	Number	3	4	<p>No additional country purchased insurance with PCRIC in 2021. Border closures due to COVID-19 affected the close engagement necessary to build relationships and effectively market the insurance products within PICs. Also, due to fiscal constraints at the national level, most PICs are limited in their capacity to provide budget allocations toward the cost of insurance premiums. Recognition of this is reflected in the commencement during 2021 of discussions with donors possibly prepared to provide a source of funding for the financing of policy premiums. With this, PCRIC hopes that more countries will be encouraged to purchase insurance from the Company in 2022 and beyond.</p> <p>Furthermore, the absence of insurance products which are relevant and fit-for-purpose for a number of countries in the region limits the scope for attracting additional policy holders. For instance, North Pacific countries have a preference for drought products as opposed to the current offering of cyclone and earthquake coverage. Reflecting this need, work commenced in 2021 on diversification of the product range through development of drought and excess rainfall products.</p>	Not achieved
	Indicator 3: Number of regional / PIC nationals employed in PCRIC activities	Number	1	3	<p>At the end of 2021 our Pacific Islander staff numbers remained static at 1 person. However, it should be noted that by year end, high-quality candidates from across the region had been identified and shortlisted, with final selection and onboarding scheduled for early 2022.</p>	Achieved

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
Broaden Technical Capability 	Indicator 4: New risk modelling and underwriting platforms developed	Yes / No	No	Yes	In 2021, no new risk modelling or underwriting platforms were developed. However, through the recruitment of a catastrophe modelling expert in the last quarter of 2021, PCRIC has capacity to undertake an extensive program of modelling and underwriting platform development during the course of 2022.	Not achieved
	Indicator 5: Number of insurance products developed	Number	2	4	In 2021, no new insurance products were developed. However, by the last quarter of 2021, PCRIC commenced the process of developing two new additional products (see section 7.3) – an excess rainfall product (due in 2022) and a drought product (due in 2023). With these additional products PCRIC aims to enhance its offering to reach more countries, in particular those of the North Pacific (see indicator 2).	Not achieved
	Indicator 6: At least one new technical assistance program is implemented in the region with PIC participation	Yes / No	No	Yes	PCRIC is in the process of developing its Technical Assistance Strategy (in draft) that will provide parameters of engagement with regional organisations and PICs on disaster risk finance. In 2021, PCRIC focused on laying the groundwork for technical assistance by signing Memoranda of Understanding (MoUs) with the Pacific Islands Forum Secretariat (PIFS), InsuResilience Global Partnership (IGP) and the Centre for Disaster Protection (CDP) based in London. Further MoUs, expected to be ratified in 2022, are being progressed with University of the South Pacific (USP) and the Pacific Community (SPC). The MoUs are to strengthen PCRIC's engagement with these partners and provide avenues for disaster risk finance technical assistance to PICs. Once the Strategy is approved, PCRIC will develop a suite of capacity building tools for PICs to build their knowledge and understanding of disaster risk finance.	On track

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
Operational Excellence 	Indicator 7: Pacific Catastrophe Risk Insurance Company (PCRIC) operationalized	Yes / No	No	Yes	PCRIC is operationalised and functional. At the signing of the Grant Agreement with the World Bank, PCRIC operationalisation was projected to take one year with a physical presence in the Cook Islands. Hired in late 2020, the CEO completed his first full year initiating a wide range of progressive moves to enhance the operational effectiveness of PCRIC. With a proven core technical team contracted, the Company's standard operating procedures are in full effect. Border closures due to COVID-19 have delayed the relocation of the CEO from Fiji to the Cook Islands. Plans are set in place for relocation by end of 2022, subject to removal of any travel restrictions.	Achieved
	Indicator 8: PCRIC makes full insurance payout within 30 days of the occurrence of a covered (insured) event	Yes / No	Yes	Yes	PCRIC continues to make full insurance payouts to policyholders within 30 days of a covered event occurring. Following a tropical cyclone, or earthquake / tsunami event, if the modelled loss as calculated by PCRIC's Calculation Agent exceeds the attachment point as defined in a policy held by an insured country, then a payout will be made. Payouts for TC Ian were made in 14 days, 11 days for TC Pam, 7 days for TC Gita and 10 days for TC Harold.	Achieved
	Indicator 9: PCRIC to become a Segregated Cell Company with the establishment of one additional financing instrument to support PIC DRM financing objectives	Yes / No	No	Yes	The Pacific Catastrophe Risk Insurance Facility Act 2021 (Act) was enacted by the Parliament of the Cook Islands and became effective on 6 December 2021. The company is now a segregated portfolio company. New portfolios can be established with the approval of the Financial Supervisory Commission (FSC) and a "no-objection" from the PCRIF Council of Members. The World Bank is currently liaising with the FSC (and the company) in relation to the development of Regulations to support the Act.	On track

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
	Indicator 10: The claims-paying capacity of the PCRIC is enough to sustain a 1-in-200-year insured loss	Yes / No	Yes	Yes	PCRIC has a strong solvency position and its claim-paying capacity is sufficient to meet a 1-in-10,000-year event, (the maximum event in the stochastic event set of the AIR model) after allowing for reinsurance recoveries. The goal of this indicator is to examine PCRIC's solvency capacity, and whether the Company's capital is sufficient to finance liabilities in an extreme year of insurance claims. Given PCRIC's reinsurance arrangements, a 1-in-200-year loss to the Company is equal to the Company's reinsurance deductible of \$1.25m. As PCRIC's capital is more than \$26m this indicator is deemed achieved.	Achieved
	Indicator 11: PCRIC total equity is projected to increase through FY 24	Yes / No	No	Yes	Projections of future PCRIC equity increases remains uncertain. The goal of this indicator is to examine whether PCRIC can be considered financially sustainable on a long-term basis, which is considered achieved if equity is projected to increase assuming an average level of insurance claims. Financial analysis indicates that PCRIC will only be able to fund operating expenses from premium income if the number policies purchased and / or the number of member countries increases, lifting premium receipts. As grant income for operating expenses is due to end at the close of the PCRAFI Project (December 2022), this suggests that even though the Company is currently very well capitalised, on the basis of current member country numbers / policy purchases, PCRIC will not be financially sustainable beyond the end of the PCRAFI Project.	Not achieved
	Indicator 12: PCRIC capitalization (Amount in USD)	USD Amount		\$20m	PCRIC is very well capitalised, with capital exceeding the minimum statutory capital requirement by more than 380 times. The solvency position of the Company was very strong with liquid asset holding of a combined cash and investment portfolio valued over US\$27.77 million. The value of actual capital was US\$26.598 million, which is 380 times more than the statutory minimum capital requirement of NZ\$100,000 (US\$69,775) under the Captive Insurance Act 2013.	Achieved

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
Consolidating a Compelling Value Proposition 	Indicator 13: Marketing and Communication strategy and PCRIC website developed	Yes / No	No	Yes	<p>A Marketing and Communications Strategy is finalised and operational. Also, PCRIC's website has been completed and is updated regularly. The creation of a Marketing and Communications Strategy addresses the prior lack of investment in market development and equips the CEO and the technical team with the means to build a brand and proactively promote the value and benefits of PCRIC to its constituent client nations. It is expected that through more active marketing of PCRIC additional nations will commit to policy purchases which directly enhances the financial sustainability of the business.</p> <p>Initiatives to advance implementation of the Strategy include broadcasting of the PCRIC brand via social / digital media; deepening exposure of PCRIC to the regional DRF eco-system by supporting participation in all relevant seminars throughout the region and more broadly; developing a series of short videos on key elements of PCRIC products / processes (information / educational tools); production of articles / case studies for distribution in local regional media; customised direct communication with target market and influencers.</p>	Achieved
	Indicator 14: Monitoring and Evaluation conducted	Yes / No	No	Yes	<p>Monitoring and evaluation is being conducted to support performance measurement of the Company. A Monitoring and Evaluation Specialist has been contracted and is supporting the implementation of PCRIC's M&E framework. Also, the M&E Specialist will support PCRIC technical assistance and capacity building efforts within the region as well as support the Company's progress reporting, learning and adaptation strategies.</p>	Achieved

Strategic Theme	Results Indicators	Unit	Baseline (June 2016)	Target (end of 2022)	Progress Updates	Progress Rating
Establishing New and Strategic Global Partnerships 	Indicator 15: Establishment of a new source of premium financing for countries	Yes / No	No	Yes	PCRIC has secured €10 million from Germany towards premium financing for countries. Acknowledging the fiscal constraints of most PICs that limits their ability to purchase insurance, PCRIC embarked on a strategy to secure premium financing from donors. Late in 2021, a commitment of €10m from Germany was confirmed, with dialogue on conditions for premium financing between Germany and the World Bank carried over into 2022. PCRIC is also actively pursuing other potential donors hoping to further increase available insurance premium finance, and thereby extend access to PCRIC insurance coverage to a larger cohort of regional nations.	On track
	Indicator 16: Number of global engagements attended by PCRIC staff (CEO plus other staff)	Number	0	4	To support its global and regional visibility, PCRIC continues to engage in regional and global engagements. For instance, PCRIC CEO has signed MoUs with the Pacific Islands Forum Secretariat (PIFS), InsuResilience Global Partnership (IGP) Secretariat in Germany and the Centre for Disaster Protection (CDP) based in the UK, with others in process for USP and the Pacific Community. The signing of the MoU has been followed up by bilateral meetings with the organisations to enhance collaboration and partnership. In the Pacific, the PCRIC CEO has been invited as a guest speaker to meetings and forums with the highlight of seeing him speak during the Island Finance Forum held during the year under review. Also, PCRIC is a member of the G7 DRF Working group organized by the UK government as a mechanism to build a common understanding of the definition and benefits of development insurance.	On track

6 Financial, Investment and Product Development Updates

This section provides financial, investment and product development updates for calendar year 2021. For each section, 2021 progress updates are provided, and challenges and lessons learned are provided. To support continuous learning and improvement, proposed future actions for the Company are provided in some sections.



Photo by Webmedia South Pacific

PCRIC prepares its financial statements in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as required by the Cook Island Captive Insurance Regulations 2013. These financial statements adhere to Tier 1 Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS). Presented below are the financial results and key highlights:

Results

The net profit after tax for the year ended 30 June 2021 was US \$2,533,756. This compares to a loss of US \$904,625 for the year to June, 2020 (see audited results in Annex 3). The net profit after tax includes a mix of grant income for both capitalisation (restricted use) and operating expenses (unrestricted use). Without access to the Grant Income, the entity itself would have made a net loss after tax of US\$308,563 for the year ended 30 June, 2021.

Grant Income

Grant income has been key to the establishment of the Company and its future sustainability and also forms a part of the wider PCRAFI Project. The Grant Income received is in accordance with the PCRAFI Multi-Donor Trust Fund Agreement (Grant Agreement). The Company received Grant Income from the World Bank Multi-Donor Trust Fund equal to US\$2,540,684 during the year ending 30 June, 2021. US\$2,000,000 of the income received is to fund the capitalisation of the Company (Category 3 as per the Grant Agreement) and US\$540,684 of the income received is to fund the operational expenses of the Company (Category 1 as per the Grant Agreement). Table 3 below shows a snapshot of PCRIC's financial outlook for FY21.






Photo by Towfiq Barbhuiya from Unsplash

Table 3: Snapshot of PCRIC's Financial Outlook for FY21

<u>Key Datasets: Financial Performance for the year ended 30 June 2021</u>		
	2021	2020
	US\$	US\$
Premium income	1,252,055	1,424,603
Less reinsurance expenses	(738,152)	(737,079)
Net Premium Income	513,903	687,524
Claims expense	-	4,517,046
Reinsurance recovery	-	(3,267,046)
Net Claims Incurred	-	1,250,000
Net underwriting profit/loss	513,903	(562,476)
MDTF & DFID Grants	2,842,320	190,576
Other income	210,360	227,414
Revenue from non-underwriting sources	3,052,680	417,990
Total revenue	3,566,583	(144,486)
Less Expenses	(1,032,827)	(760,139)
Surplus/Loss for the period	2,533,756	(904,625)
<u>Key Datasets: Balance Sheet as at 30 June 2021</u>		
	2021	2020
	US\$	US\$
Current assets		
Cash and cash equivalents	1,332,599	21,407,538
Short term investments	26,438,116	-
Other liquid assets & prepayments	1,618,134	4,225,195
Total Current Assets	28,056,250	25,632,733
Less current liabilities	1,172,492	1,282,731
Working Capital/Net Assets	26,883,758	24,350,002
Total Equity	26,883,758	24,350,002

Table 4: PCRIC'S 2021 Key Financial & Operational Highlights

No.	Summary of Financial Highlights
	Overall, PCRIC's financial performance was particularly strong for FY21 with a surplus of US\$2.53m compared to a loss of US\$0.90mn in the previous FY. A major contributor to this outcome was the substantial grant support of just over US\$2.8m provided through the World Bank Multi-Donor Trust Fund and the UK Department for International Development (DFID).
	The financial performance was further aided by the absence of claims for policy payout during FY21. With premium income totalling US\$1.252m and reinsurance expense of US\$0.738m, the net underwriting profit stood at US\$0.514m.
	A notable uptick in the expenditure for FY21 was mainly attributable to the Company's increased procurement activities. In addition, PCRIC managed to recruit a CEO from the Pacific region in Q3, 2020 to lead the organization. To this end, the expenditure outturn mirrored the Budget which reflects efficient cost control.

Status of the Financial Position

- ▶ The solvency position of the Company was very strong, with a combined cash and investment portfolio valued over US\$27.77 million.
- ▶ The working capital ratio of 24:1 reflects the healthy liquidity position of the Company. In the same vein, the Company does not have long-term debt on its balance sheet, further affirming the strength of its balance sheet.
- ▶ The solvency margin ratio was 380 times relative to the statutory minimum capital requirement of NZ\$ 100,0000.

Forward Outlook

The financial report underscores PCRIC's heavy reliance on the World Bank grant funding to sustain its operations. Looking ahead, the Company must expand its client base and also widen its product base aligned with the country's needs. The focus on new product development, especially the excess rainfall and drought products is very positive. Coupled with this, effective country outreach will be critical to raising awareness of the parametric insurance products on offer and the value proposition associated with them.



New Products Under Development – Drought / Excess Rainfall

7.1 Investment Update

In 2021, the dominant themes centred around the Delta and Omicron variants of COVID-19 affected the different governments' policies to mitigate the health consequences and economic impacts, including the increase in government debt levels, quantitative easing ('money printing') and supply chain disruptions. This affected interest rates, economic growth and inflation. One immediate impact was the spike in global inflation levels and the consequences of rising prices on the cost of living and ultimately interest rates.

The investment outcomes for 2021 should be viewed in the context of the continued impact of the major macro themes of baby boomers, adoption of technology, the cost of energy, popular politics, social and environmental awareness, and the power of social media. These have been present for several years and will continue to be the underlying macro influences that affect the average for the next few years though the short-term 1-year investment results will be driven by micro-events.

The capital of the company is invested in a combination of cash, bonds and shares. The capital allocated to cash and bonds are invested in PIMCO funds, the PIMCO US Short Term Fund for cash and the PIMCO US Investment Grade Corporate Bond Fund for bonds. These are managed investment funds open to institutional investors. The capital allocated to shares is invested in three Blackrock ETFs (exchange traded funds). One covers the US market (iShares S&P 500 Index Fund), one covers Europe (iShares Core MSCI Europe ETF) and one the whole world (iShares MSCI ACWI Index Fund). In each case the ETFs focus on the largest companies in the markets and are index funds.

Interest Rates

2021 was a year where interest rates, while threatening to rise due to inflation, remained low by historical standards. The **short-term** interest rates, as indicated by the 90-day treasury rates, were:

Table 5: Short-Term Interest Rates

End of Month	Dec 20	Dec 21	Av.
US	0.09%	0.06%	0.04%
Europe	-0.55%	-0.57%	
Japan	-0.10%	-0.11%	

Over the year the short-term US interest rates fluctuated between 0.01% and 0.09% and averaged 0.04%. The market return to an investor over the year from the US cash market was 0.04%.

The **long-term** interest rates, as indicated by the 10-year treasury rates, were:

Table 6: Long-Term Interest Rates

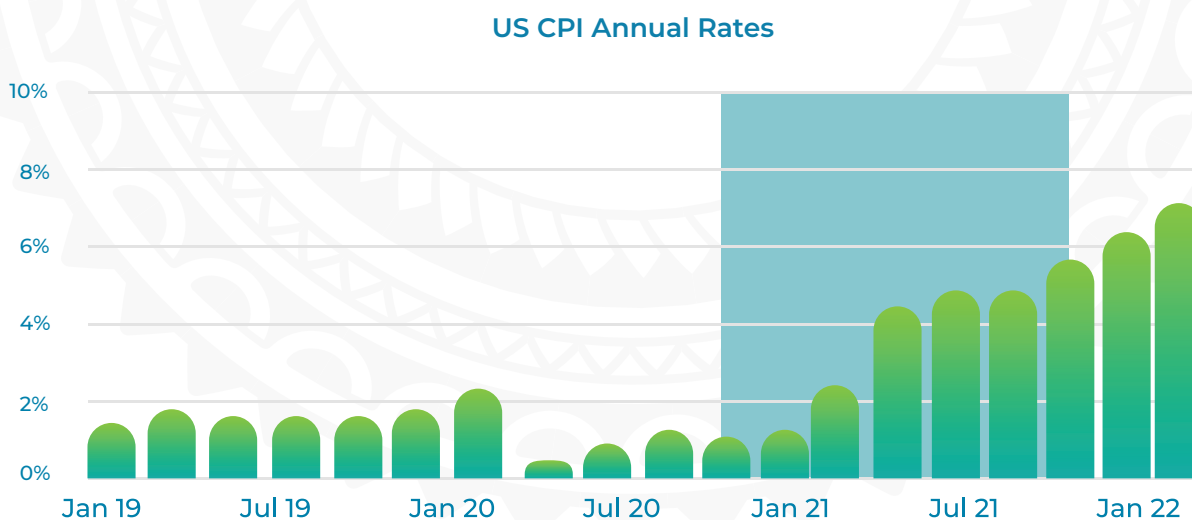
End of Month	Dec 20	Dec 21	Av.
US	0.93%	1.52%	1.44%
Europe	-0.09%	0.28%	
Japan	0.02%	0.07%	

Over the year, the long-term US interest rates started the year at 0.93% and ended the year 0.59 points higher at 1.52%. It fluctuated between 0.93% and 1.74% and averaged 1.44%. The market return to an investor over the year is made up of the interest (i.e. coupons received) and the change in market value if the bond was sold reflecting the change in interest rates. A rise in rates leads to a fall in market value. Such falls self-correct if the bond does not default as the bond reaches maturity. The market return from the US investment-grade corporate bond market was -0.81% reflecting the significance in the short term rise in interest rates.

Relative to the market, the return earned by PCRIC in 2021 from its cash investments was -0.09% and from bonds was -0.47%. The lower than market return from cash reflected a slightly longer duration than the 90-day index and also the management fees (0.45% pa). The better return from bonds reflected the positive timing of the investments. The first investment occurred in June 2021, offset by the impact of management fees (0.49% pa).

US Inflation Rates

2021 was a year where the annual level of inflation rose from 1.36% (December 2020) to 7.04% (December 2021). The dramatic rise in inflation is illustrated by looking at the moving 12-month average over the last 3 years.



While it is unknown whether the 2021 rise in inflation is a 'spike' that will be short-lived (1 to 3 years) or part of the economic environment for the next decade, it introduces uncertainty and will result in the independent central banks with inflation mandates raising interest rates. PCRIC's investment policies are structured to meet the return objectives in both cases as they do not allocate

capital to the investment sectors on a single economic scenario. At this stage, the most likely outcome is that inflation will be short-lived and central banks will eventually adopt monetary policies to bring it back to the mandated target.

Share Markets

2021 was an above-average year for share markets globally. The overall returns were generally well above the expected average (7% to 8% a year). While the returns were well above average over the 12 months, most markets experienced the 'normal 2 to 4 negative months. The monthly returns of the major share markets in 2021 were:

Table 7: 2021 Monthly Returns of the Major Share Markets

Month	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sept 21	Oct 21	Nov 21	Dec 21	12 Months
US	-1.11%	2.61%	4.24%	5.24%	0.55%	2.22%	2.27%	2.90%	-4.76%	6.91%	-0.83%	4.36%	26.89%
UK	-0.82%	1.19%	3.55%	3.82%	0.76%	0.21%	-0.07%	1.24%	-0.47%	2.13%	-2.46%	4.61%	14.30%
Germany	-2.08%	2.63%	8.86%	0.85%	1.88%	0.71%	0.09%	1.87%	-3.63%	2.81%	-3.75%	5.20%	15.79%
Japan	0.80%	4.71%	0.73%	-1.25%	0.16%	-0.24%	-5.24%	2.95%	4.85%	-1.90%	-3.71%	3.49%	4.91%
World ¹	-0.45%	2.32%	2.67%	4.37%	1.56%	1.32%	0.69%	2.50%	-4.13%	5.10%	-2.41%	4.00%	18.54%

¹The Total World index with net dividends reinvested in US \$


Of the 12 months, PCRIC was exposed to shares from mid-April. The general world market return post-mid-April was 10.98%. Relative to the market return, PCRIC achieved 10.89% after investment costs. The outlook for 2022 is expected annual returns at 7% to 8%, but with 3 to 5 negative months experienced within the 12-month period.



7.2 Modelling and Product Development Updates



In December 2021, the PCRIC Board signed off on five key modelling and product development activities to be completed in 2022. The key objectives of these projects are to ensure PCRIC's current products for Tropical Cyclone and Earthquake remain robust and, that PCRIC retain the confidence of its re/insurance partners. Additionally, this initiative would increase the flexibility of current models making them fit-for-purpose for new products beyond the existing sovereign level, as well as facilitate expansion of PCRICs product offering to meet demand from countries for both Excess Rainfall (Flood) and Drought products.

Project Outlines & Current Status

Table 8: PCRIC's Key Modelling and Product Development Updates

Key Modelling and Product Development Project	Project Outline	Status	Progress Rating
1. Recalibration of the Existing Tropical Cyclones and Earthquakes Model. 	<p>Frequent recalibration of catastrophe loss models based on recent historical experience is accepted best practice in catastrophe risk analysis.</p> <p>To enable PCRIC to own and maintain this process on an ongoing basis, PCRIC has worked with AIR worldwide to procure the necessary model meta-data & information to develop its internal process for model adjustments (for both the Tropical Cyclone and Earthquake Models developed under the PCRAFI project).</p> <p>The output of this will be a framework to support regular updates to PCRIC's view of Tropical Cyclones and Earthquake risk for the entire Pacific region.</p>	<p>The procurement and delivery of the data is complete.</p> <p>The PCRIC hazard modelling team will begin work designing a process and recalibrating the existing Tropical Cyclone and Earthquake models before the renewal of PCRICs reinsurance in November 2022.</p> <p>The project is scheduled for completion in the first half of 2022.</p>	On track

Key Modelling and Product Development Project	Project Outline	Status	Progress Rating
<p>2. Rehousing or Replacing the Existing Tropical Cyclones and Earthquakes Models in a 'Standard' / Flexible Software Implementation.</p> 	<p>The PCRAFI viewer tool developed under the PCRAFI project, while providing a simple intuitive interface with the existing Tropical Cyclones and Earthquake models, provides output which does not allow the flexibility needed to adjust model assumptions - <i>especially around the exposure at risk or to update the information about the value of assets across the region.</i></p> <p>PCRIC is in the process of re-designing the software interface to the output from the PCRAFI models, as well as adding new ways to manipulate and interpret the data.</p> <p>This project aims to deliver a modern, flexible, and extensible software architecture around the PCRAFI model data.</p>	<p>This project is focused on allowing a future integration of new exposure databases (which are being developed for the region) into PCRIC modelling and policy structuring.</p> <p>The output of this project is scheduled for implementation in 2023.</p> <p>The scope of the project has been approved and procurement will commence at the end of May 2022.</p>	On track
<p>3. Evaluation of the existing Tropical Cyclones and Earthquakes models / insurance products to minimise basis risk and ensure they reflect the needs of the PICs.</p> 	<p>Basis risk (the risk that an insurance product does not accurately reflect the impact on the ground) is an inherent feature of parametric insurance products. Basis risk must be managed carefully to ensure the parametric products perform as expected, meet the needs, and retain their value to the policyholder.</p> <p>PCRIC have identified key assumptions in the Tropical Cyclones and Earthquake Models developed under the PCRAFI project that, after a decade of use, need to be revisited to ensure they remain fit for purpose.</p> <p>The output will be recommendations and a methodology to adjust the existing PCRAFI models and or PCRIC products to better reflect the needs of PICs and minimise basis risk.</p>	<p>As with Project 2, this work is focused on future product enhancements and is scheduled for implementation in 2023.</p> <p>The output of the project is expected to be available in the fourth quarter of 2022.</p> <p>The scope of the project has been approved and procurement will commence at the end of May 2022.</p> <p>Additionally, PCRIC is collaborating with the Centre for Disaster Protection to act as a reviewer and advisor on this project and to support future 'public goods' generated for the work.</p>	On track

Key Modelling and Product Development Project	Project Outline	Status	Progress Rating
4. Finalise Excess Rainfall Model and Product Development. 	<p>A product to protect against the costs and impact of excess rainfall is a high priority for many PICs. Over the past 4 years, multiple projects led by the World Bank, have assessed the feasibility of products for excess rainfall events across the region.</p> <p>Building on the prior projects, PCRIC has engaged JBA, a model vendor with extensive experience in flood and rainfall modelling as well as existing established stochastic rainfall and flood models for multiple countries in the region, as its project partner.</p> <p>PCRIC will work with JBA to both develop an excess rainfall product based on the current model's coverage (scheduled to be available later in 2022) and to extend JBA's model to cover all countries in the region in 2023. funded.</p>	<p>The project was originally scheduled for completion in the first half of 2022, however, identification of the appropriate partner and procurement process delayed the kick-off of the project.</p> <p>Nevertheless, the project remains on track for initial product availability in late 2022.</p> <p>The initial work based on JBA's current model coverage is scheduled for completion in late 2022.</p> <p>The extension to cover the entire region and all Pacific Island Countries will begin in early 2023.</p>	Delayed
5. Restart Drought Product Development. 	<p>A product to protect against the costs and impact of drought is a high priority for many PICs. Over the past 4 years, multiple projects led by the World Bank have assessed the feasibility of products for drought, however, this work has to date been conducted only in combination with an analysis of excess (and low) rainfall.</p> <p>PCRIC has determined that a more precise definition of drought and its impact across different PICs need to be established. Drought should not be assumed to represent 'just' the absence of rainfall.</p> <p>Therefore, PCRIC has established a separate, distinct project to address drought impacts, and develop a drought product separately from excess rainfall.</p> <p>For this work, PCRIC has designed a 2-stage project – an initial demand and needs assessment, and a subsequent risk modelling / development stage (which was to be initiated after completion of stage 1).</p>	<p>PCRIC has engaged WTW Climate and Resilience Hub to lead phase 1 of this work which will be completed by the end of June 2022.</p> <p>The scope and timelines for Phase 2 will be defined based on the outcome of Phase 1, with the intention that any hazard modelling work will be completed before the end of 2022, with product development / availability in 2023.</p>	On track

8 Member Relations and Stakeholder Engagement Updates

Even as the world continued to experience much uncertainty thanks to the COVID-19 pandemic, PCRIC continued to engage its members and stakeholders to reassure them that the Company was ready to provide its usual disaster risk financial support.

A hallmark of “the Pacific way” is enduring relationships, and with increasing relaxation of travel restrictions, the opportunity to forge deeper and more effective relationships with national leaders and officials will be vigorously pursued in 2022. The better the understanding PCRIC has of the needs and priorities of individual nations, the greater the capacity to ensure that products and technical support offered by the company are recognised and valued for their relevance and importance in fiscally uncertain times.

In 2021, PCRIC engaged with PICs, regional organisations donors and other stakeholders in a variety of ways, including the following:

PCRIC Engagements in 2021



- **Undertaking the policy renewal bilateral discussions with members (Tonga, Samoa and the Cook Islands) and outreach to target new member countries** to enhance awareness of PCRIC’s policy coverage, revisions to models underpinning the products, new products being developed or offered, collection of data for the new products, adequacy of coverage and policy pricing for the upcoming policy year.



- **Engaging with donors to secure premium financing for countries.** PCRIC was in communication with its donors to consider providing premium financing support to the PICs. These efforts yielded a commitment from Germany for premium support funding of €10 million. Discussion aimed to secure further such commitments are ongoing with other donors.



- **Collaborating closely with regional organisations such as PIFs, USP, and SPC to build relationships** and secure support for its regional technical assistance programmes and embed the company into the Pacific’s disaster risk financing eco-system.
- **Development and dissemination of a range of informational and knowledge products** (infographics and short videos) on subject areas related to disaster risk financing, risk transfer solutions, parametric insurance, and climate change.



- **Organizing remotely provided capacity building initiatives** (workshops, training programmes etc.) and participating in regional and international conferences as well as fora organised by member governments.



- **Improving the knowledge and access to disaster risk management and financing tools and building future leaders through an Internship Program with USP.** Through the Internship Program, PCRIC has extended its reach to also include future leaders in learning and knowledge opportunities. In addition, Scholarships and Peer-to-Peer Learning are potential activities that will be undertaken by the company under its Technical Assistance Program.
- **Communication through e-mail as well as online platforms** such as PCRIC's website, social media tools and other online platforms, facilitating policy dialogue, meetings and workshops.
- **Communicating with the regional press** to ensure the widest and most favourable embrace of PCRIC related news, events and press releases.



Photo by Webmedia South Pacific

9 Risk Management

PCRIC Management has been working on the 2020 approved Risk Register System (RRS) and continues to revise the Register to reflect any new risks and expunging risks that have been resolved or mitigated. The PCRIC's Risk Register Matrix (RRM) is yet to be finalised and approved by the Board. Substantial revisions have been done to the Risk Management System which comprises the Risk Appetite Statement (RAS) and the RRM. The RAS and RRM are the two guiding principles for the construction of the RRS. As it stands now, the RRM register has identified 8 risks with a risk rating of 'High' (red) that require careful management and timely mitigation.



Photo Supplied by the Government of Samoa-DMO/NEOC

The table below outlines the identified risks under each risk category with the proposed mitigation strategies.

Risk Items	Risk Description	Causes	Initial Risk Rating	Potential Actions	Comments / Assumptions
Business Model Risk	The risk that the business model is not suitable for delivering on strategic priorities and regional needs.	Lack of understanding of the Company's technical and strategic regional priorities.	High	Regular review of the organisational structure to assess alignment and coherence.	With the enactment of the new law, the PCRIC management will prioritise the restructure of the entity to align with the legal business model.
Competition & Alternatives	The risk that alternatives to PCRIC erode value and relevance.	Lack of TA or capacity building programs / activities to better understand the value proposition of the Company.	High	Develop knowledge products that articulate PCRIC's value proposition and organise regional capacity-building activities to increase awareness and understanding of PCRIC's products.	US\$1.3m, provided by the World Bank under the PCRAFI project to fund TA support in collaboration with PIFS was not utilised due to administrative issues. A decision was made by the World Bank not to proceed with support of this activity in the initial PCRAFI project extension.

Risk Items	Risk Description	Causes	Initial Risk Rating	Potential Actions	Comments / Assumptions
Reputation Risk	The risk that PCRIC's activities bring negative public attention leading to loss of support and credibility.	Lack of capacity and resources to execute awareness activities and technical capacity building on products and policies offered.	High	Only the CEO and Chair are allowed to comment or communicate with the media. PCRIC to develop knowledge products and use avenues such as the website as a tool to tell the PCRIC story. The need to develop and roll out a TA capacity program to enhance the technical understanding of PCRIC as a Company and the product it offers.	The letter from Vanuatu's Minister of Finance in 2020 conveying their withdrawal is an example that validates the need for capacity building and technical understanding of PCRIC's products, trigger events and the payout payment process vis-à-vis other DRF instruments.
DRM Sector Alignment Risk	The risk the development of disaster risk management and international development changes the landscape of the DRM ecosystem in the Pacific leading to loss of support and obsolescence.	Lack of coordination and collaboration with regional and international organisations.	High	Ongoing review of the situation and develop appropriate corrective measures.	COVID Response planning has significantly shifted the playing field and development focus regarding funding for DRM activities.
Expiration of the Current IDA Premium Subsidy	The risk that future premium finance arrangements are not secured as the current IDA allocation expires at the end of season 10 starting in Nov 2022 to Oct 2023.	No firm political commitment and no confirmation of continuity and premium support going forward from IDA or other sources.	High	Seek CoM and donors further support and engage the World Bank on project extension.	Commence discussions with the Board and the World Bank immediately and consult with the countries to support another extension of the project.

Risk Items	Risk Description	Causes	Initial Risk Rating	Potential Actions	Comments / Assumptions
Unrealised Losses on Investment Portfolio	There is a risk that due to large unrealised losses on the investment portfolio, there would be no ability to utilise other realised investment gains (interest and dividends paid) to cover operational expenses.	Normal market movement.	High	Await market correction.	This matter is under frequent discussion and review with the World Bank.
Resourcing / Procurement Delays	There is a risk that procurement activities delay negatively impacting planned project activities.	Lack of capacity and absence of a dedicated staff / service provider to do procurement. Lengthy processing and approval time between PCRIC and the World Bank.	High	Prioritise procurement activities to ensure the procurement plan is back on track. Recruit a Specialist to support procurement activities for the Company.	PCRIC in early 2022 hired a Finance & Planning Manager who has taken on leadership and responsibility for the Company's procurement activities.
Portfolio Volatility Risk	Portfolio Volatility risk - uncertainty and actual volatility may lead to financial losses for PCRIC or its reinsurers.	The small scale of the portfolio and the lack of historical data means that the portfolio is likely to be highly volatile and its performance difficult to predict or plan for.	High	Net Retention no more than \$2m per annum for a 1-in-250-year event. Annual review / scenario testing of expected claim outcomes.	

10 Conclusion and Looking Ahead

Even though 2021 was a challenging year for both PCRIC and its member nations, it provided an opportunity for PCRIC to reimagine its disaster risk financing value proposition to the Pacific and position itself for success in the future. PCRIC, through its CEO, has improved regional visibility of the Company and embedded operational excellence through enhanced product offering, secured capitalisation, approval of a marketing and communication strategy and contracting of a competent technical team. While border restrictions limited PCRIC's interaction with countries, the Company used the opportunity to build its profile and visibility and embed itself within the disaster risk financing ecosystem. Within this context, several factors emerged which provides a learning opportunity and guidance for the future.



Photo Supplied by the Fijian Government

Firstly, relationship building and face-to-face interaction remain paramount to the Pacific way of working and engagement. Though PCRIC readily adopted a technology-based remote working regime due to border restrictions, country outreach missions remain an essential element of how PCRIC needs to do business, especially as it works to build familiarity, confidence and trust amongst key influencers and decision makers across the region.

Secondly, PCRIC's long-term financial sustainability is tightly linked to the addition of new policy purchasing member nations to its portfolio of clients. However, as noted under the Operations Updates (see section 5), PICs' fiscal constraints continue to undermine the countries' preparedness to participate in insurance programs. Consequently, premium financing support for countries remains a high priority for PCRIC, with increased premium receipts being essential to meet operating expenses and build reserves to finance future disasters in the absence of ongoing grant receipts.



Photo Supplied by the Tonga National Emergency Management Office

Thirdly, technical assistance and capacity building to increase awareness of disaster risk finance and PCRIC's product offerings should go hand in hand with country outreach missions. Over time, evidence has shown that there is a need for a far better understanding among administrators and officials of disaster risk finance, the products PCRIC offers and the technical background to policies, what constitutes a qualifying event, claim triggers, and the payout process in general.

With these lessons learned, PCRIC is indeed well-positioned for the future and is ready for the post-pandemic challenges and emerging opportunities. For 2022 and beyond, PCRIC will move forward and further build its profile as a service provider and partner of choice to PICs for disaster risk finance needs. In this regard, the following objectives and actions have been prioritised for 2022:

- ▶ Enhancing product offerings beyond the Tropical Cyclone and Earthquakes and developing Excess Rainfall (Flood) and Drought products that will attract more countries to purchase policies from PCRIC, especially countries located in the North Pacific.
- ▶ Scaling up the disaster risk finance technical assistance with PICs and other regional organisations. Building the next generation of leaders in disaster risk management and financing is key for the Company. Enhancing the capacity and engaging in new and innovative projects with regional organizations to build resilience also is a priority.
- ▶ Securing further premium financing to support PICs' purchase insurance by reaching out to more donors.

- ▶ Enhancing visibility and communication of the Company through targeted, fit-for-purpose communication and knowledge products.
- ▶ Building PCRIC's regional and global profile through interaction with like-minded organisations such as the African Risk Capacity (ARC), Caribbean Catastrophe Risk Insurance Facility (CCRIF), InsuResilience, and CDP among others.
- ▶ Becoming a Segregated Cell Company which will enable PCRIC to scale up from sovereign products only to non-sovereign products thus attracting participation from private sector partners.
- ▶ Seeking project extension with the World Bank beyond December 2022 which will give PCRIC the required support as it continues to grow and reach financial sustainability.

Of course, underpinning much of what PCRIC does will require the support of its stakeholders – members, development partners, the Board, regional organisations, academia, and many others. PCRIC warmly thanks its partners as it continues to serve the Pacific with disaster risk financing tools and services to build greater regional resilience to disaster and climate impact.



Photo Supplied by the Palau National Emergency Management Office

Annexes



Photo Supplied by the Fijian Government

PCRIF Council of Members

Who are the CoM?

The CoM convenes biannually and is comprised of participating PCRAFI member countries (Fiji, Cook Islands, Marshall Islands, Tonga, Samoa and Vanuatu) and the four contributing donors (Germany, Japan, UK and USA). This structure provides donor partners a voice in key decisions pertaining to the strategy and programs of PCRIC, as well as direct dialogue to discuss priorities and challenges of the Facility with member countries. The Chairmanship of the Council rotates according to alphabetical order. Mr. Shiri Gounder, Permanent Secretary of the Fiji Ministry of Economy, currently serves as the Chairman of the CoM.

Donors

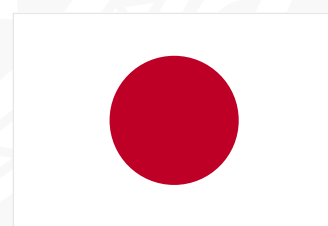
In 2016, more than US\$40 million in grants was mobilized for PICs through the G7 initiative on climate risk insurance, InsuResilience Global Partnership, to establish the PCRAFI Multi-Donor Trust Fund (MDTF) with generous contributions from Germany, Japan, the United Kingdom and the United States. Canada is also a donor however, PCRIF's foundation rules state that only four donors can have representation on the foundation council.



Canada



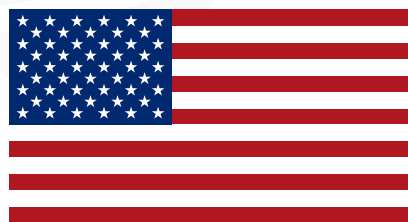
Germany



Japan

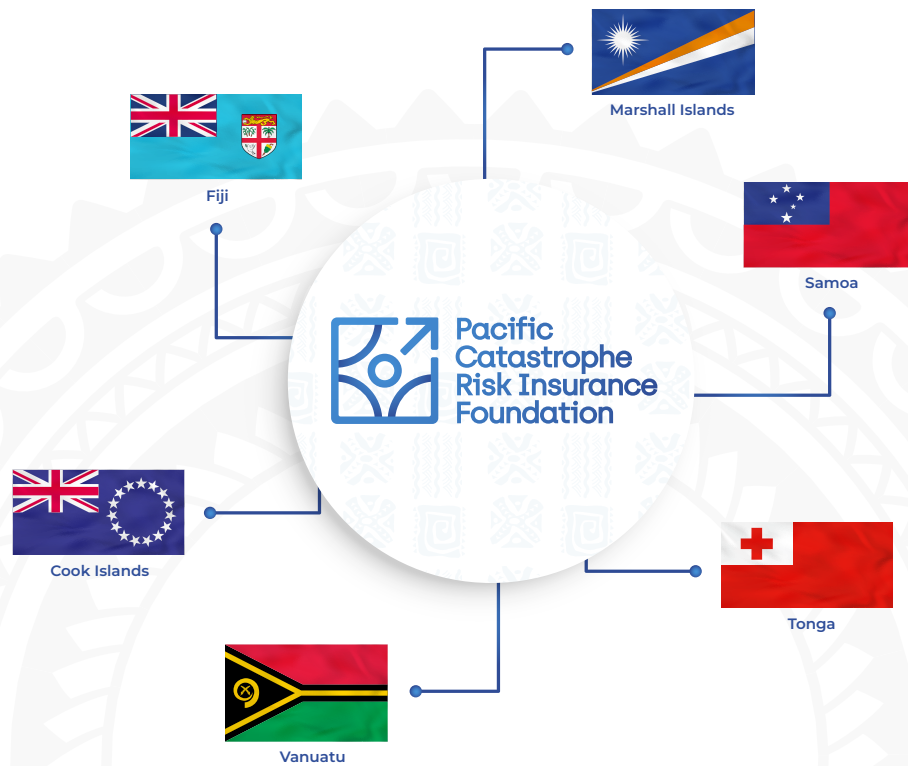


UK



US

Foundation Members



Current Policy Holders



Corporate Profile



Photo Supplied by the Fijian Government

Organizational Structure



Board of Directors



Photo by Webmedia South Pacific

Sarah-Jane Wild



Sarah-Jane is the Chair of PCRIC. She has over 25 years' experience in the insurance industry and currently works for Tower Ltd in NZ in a senior leadership role. She holds a Diploma in Financial Services from ANZIIF (Australia & NZ Institute of Insurance and Finance).

Sarah-Jane has recently returned from 5 years in Fiji where she was the GM of Tower's Fiji operation. In her time in Fiji, Sarah-Jane set up the Pacific Operations for Tower. Other roles that Sarah-Jane had in Fiji, included Chair of Insurance Council, Vice Chair of the Women in Business and Vice Chair of the Accident Compensation Commission of Fiji.

Barry Whiteside



A Fiji citizen, Barry retired in 2017 after a long and distinguished career in central banking and is currently serving as a Director on a number of Fijian financial institutions, as well as the PCRIC. Prior to retirement he served as Governor of the Reserve Bank of Fiji from May 2011 to May 2017. Before that he was Deputy Governor from October 2009.

His service with the Fijian Central Bank spanned over 40 years and across all core areas, including Economics, Financial Markets, Financial Institutions Supervision, Currency and Corporate Services.

As Governor, Barry was a member of the National Anti-Money Laundering Council, National MSME Taskforce, and Fiji Institute of Bankers Council. He chaired several key external and internal committees including the Macro Economic Policy Committee, National Capital Markets Taskforce, National Financial Inclusion Taskforce, National Secured Transactions Taskforce, the Reserve Bank of Fiji Board, and various policy committees of the Bank.

Barry has a Bachelor's degree in economics and administration from the University of the South Pacific and a Master's degree in economics from Simon Fraser University, Canada. He was awarded the Companion of the Order of Fiji in 2018.

Darryl Williamson



Darryl Williamson has over 40 years of experience in the insurance industry working in numerous markets in the Pacific and Asia. Starting his career in New Zealand with NZI, Darryl had the opportunity to work in many overseas countries including; Fiji, Samoa, Tonga, American Samoa, Papua New Guinea, Indonesia, and the Philippines.

He has recently returned to New Zealand after 21 years abroad in the Pacific, managing country operations for QBE Insurance and prior to that, as the Managing Director of National Pacific Insurance Ltd, responsible for three country operations in Samoa, American Samoa, and The Kingdom of Tonga.

Darryl is a Senior Associate of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF), has a Bachelor of Applied Management majoring in Strategic Management, and is a qualified member of the Institute of Directors in New Zealand (IoD).

In his spare time, Darryl is an avid sportsperson who loves running and enjoying the outdoors whenever possible.

Siosuia Utoikamanu



Siosuia Utoikamanu is an independent consultant who specializes in international development issues including public financial management, national strategic planning, capacity building, and economic governance. He holds post-graduate degrees in Economics and Finance from the Victoria University of Wellington in New Zealand, and the University of Birmingham in the United Kingdom.

From 1991 to 2001, he held the position of Governor of the National Reserve Bank of Tonga. In 2001, he was appointed to the position of Minister for Finance and Chief Commissioner of Revenue in the government of Tonga. He held the position of Director of the Pacific Islands Centre for Public Administration at the University of the South Pacific, Laucala Campus, Fiji from 2012 to 2015. In 2016, he was elected to the Legal and Technical Commission of the International Seabed Authority.

Tine Ponia



Tine Ponia is the Managing Director at Asiaciti Trust Pacific Limited in Rarotonga, Cook Islands. She is also a Director of the Cook Islands Financial Services Development Authority.

Tine graduated with a Bachelor of Laws from the Victoria University of Wellington, New Zealand and has 20 years of experience holding Legal / General Counsel roles in various firms.

Tine is a registered practitioner with the Society of Trust and Estate Practitioners, and a Barrister and Solicitor of the High Courts of the Cook Islands and New Zealand. She has also won multiple awards for her research and work in the field of law and educational scholarships.

When she's not busy with her passion for law, Tine enjoys spending time with family and friends, being involved in community affairs and has an avid interest in health, fitness and the outdoors. Tine is of Samoan heritage. She considers raising four beautiful children aged 3 to 18 with her Cook Islands husband the most rewarding job.

PCRIC Team



Aholotu Palu
Chief Executive Officer



Akosita Drova
PCRIC Regional
Co-ordinator



Charles Owen
Premium Financing
Strategist



David Elliot Ntow
Insurance Manager for
PCRIC



Karen Harvey
PCRIC Legal Counsel



Michael Chamberlain
Investment Consultant



Monica Wabuke
Monitoring and Evaluation
(M&E) Specialist



Pankaj Pratap Singh
Finance & Planning
Manager



Peter Bennett
Communications and
Marketing Strategy
Specialist



Richard Poulter

Technical Advisor – Product
& Actuarial



Sebi Thomas

Captive Accountant



Steve Reid

Communications and
Marketing Strategy Specialist



Susan Yee

Creative Strategist –
Website Development



Dr. Paul Wilson

Catastrophe Risk Modelling
Expert



Dr. Timothy Nielander

Legal Advisor – Secretariat

Service Providers

10 Development Consulting LLC (trading as GP3 Institute)



P3 Institute is contracted by PCRIC as its Legal Advisor and some of its activities include:

- ▶ Supporting the CoM chair and council including drafting and preparing documents for CoM Members and PCRIC Board members attending or presenting to the CoM.
- ▶ Providing the CoM with the necessary public international legal and governance advice to enable it to carry out its responsibilities under the PCRIF Charter, Council Rules and procedures, to help facilitate CoM governance processes and decisions.
- ▶ Providing advisory support and written materials at the request of the PCRIC Board to help facilitate CoM decisions that create matters arising or tasks delegated to the PCRIC and which require coordination between the Cook Island's legal requirements and the individual national legal requirements of the CoM member states.
- ▶ Overseeing and keeping accurate records and accounts of CoM document pack, meeting minutes and written resolutions / decisions, including ensuring all records are provided to PCRIC / PCRIF's trustee company for regulatory compliance.
- ▶ Providing support to the PCRIC's CEO and Board on engagement with the CoM and the PCRIF Member States (in particular donor members) on legal matters and organizational design recommendations for PCRIC / PCRIF as a sovereign disaster finance institution.

Air Worldwide Corporation



A Verisk Business

Air Worldwide Corporation is contracted by PCRIC and its activities include:

- ▶ To act as Calculation Agent for Season 9 of the PCRAFI Insurance Program, renewing November 1, 2020.
- ▶ To assist the Directors, Insurance Manager and Reinsurance Broker of PCRIC as required in the analysis, placement and delivery of the portfolio of PCRAFI insurance and reinsurance policies for Season 9.
- ▶ Address product development questions relating to refinement of the existing models / products / processes for existing PCRAFI Sovereign Parametric and Livelihoods products (and potential variants) and / or development of new products.
- ▶ To produce Calculation Reports of the scope detailed in the Calculation Agency Agreement to be entered into separately by the Calculation Agent and PCRIC following the occurrence of potential covered events, and the receipt of Calculation Notices from PCRIC.
- ▶ To produce a country event briefing as per the template used during previous seasons of the PCRAFI Insurance Program.

ASIACITI TRUST

Asiaciti Trust Pacific Limited is contracted by PCRIC as its Trustee Company with the provision of a Resident Director whose activities include:

- ▶ The maintenance of statutory registers and minute books.
- ▶ Attending Quarterly Board Meetings.
- ▶ Liaising with the Financial Supervisory Commission on oversight of PCRIC and PCRIF.
- ▶ Attending the Trustee Companies Association as required to keep up-to-date on any legislative changes that may affect PCRIC or PCRIF.
- ▶ Support ongoing additional Board activities as required, including attendance at additional Board Meetings, feedback on project outputs and deliverables, input into required reports and returns and support of operational activities (such as payment approvals) of PCRIC on a time in attendance basis.



Baker Tilly is contracted by PCRIC as its Project Auditor and some of its activities include:

- ▶ Identifying and assessing the risks of material misstatement of the Project's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern.
- ▶ Evaluating the overall presentation, structure and content of the Project's financial statements, including the disclosures, and whether the Project's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Browne Harvey & Associates P.C.



Browne Harvey & Associates P.C. is contracted by PCRIC as its Legal Counsel and some of its activities include:

- ▶ To provide legal services in connection with the operation of the PCRIC and PCRIF under the PCRAFI Facility.
- ▶ To attend meetings between PCRAFI Facility's management and the Cook Islands Government, Development Partners and the PCRAFI Facility's own Board of Directors and Council of Members.
- ▶ To support in contracting required service providers.
- ▶ To support in establishing a segregated portfolio company and aligning supporting legislation and company documents.
- ▶ To provide general legal and regulatory advice in the operation of the PCRIC and PCRIF, including any legal and regulatory advice as may be needed under the PCRAFI Facility.

KPMG New Zealand



KPMG New Zealand is contracted by PCRIC as its External Auditor and its activities include:

- ▶ Examining and reporting to the Directors on the financial statements of the Company which comprise the statement of financial position.
- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

MCA

- actuaries & consultants -

MCA NZ Limited is contracted by PCRIC as its Investment Advisor and its activities include:

- ▶ Developing the investment strategy and policy to ensure maximization of returns and protection of liquidity and solvency requirements, which includes the formalization of a reserve policy and a framework for managing both working capital and long-term reserves to be reviewed by the Board of Directors.
- ▶ Providing advice on potential investments and suggested returns with respect to the existing portfolio of work and any additional products / changes to the company's holdings. This must include a cost-benefit analysis demonstrating optimal returns and ensuring sufficient capital remains to meet expected probable maximum loss.
- ▶ Preparing a capital replenishment plan to restore long-term reserves accessed in making payouts relating to the last cyclone season, this must include an options analysis demonstrating different returns and the time impacts for replenishment.
- ▶ Monitoring the investments and reporting to Management and the Board of Directors.

Webmedia South Pacific



Webmedia South Pacific is contracted by PCRIC as both a Website (IT) developer and Marketing & Communications Firm. Some of its activities include:

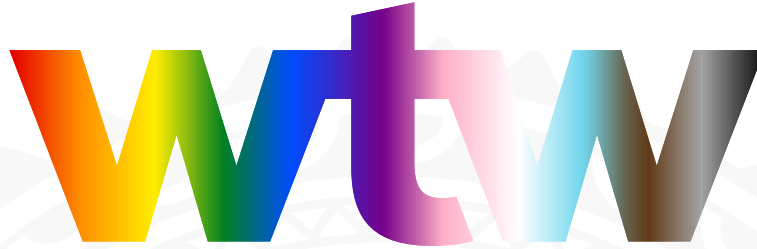
Website:

- ▶ Securing an online presence for PCRIC through the identification of appropriate Domain names, social media profiles, software licenses and other infrastructure.
- ▶ Supporting the establishment of a secure cloud-based document storage and sharing platform for PCRIC staff and provide basic tech support.
- ▶ Supporting appropriate set up of company email and other communications software (Office 365, Zoom, etc) and provide basic technical support during implementation.
- ▶ Development (and maintenance) of a website for the PCRIC to host key information on the company, the PCRAFI project, core strategic priorities, organizational functions and products.
- ▶ Establishment of regular reporting of Website performance (Monthly reports).
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communications:

- ▶ Marketing and communication for awareness raising, informational and educational purposes to the general public in order to promote PCRIC and the value to countries of ongoing support and membership.
- ▶ Marketing and communication to raise awareness and interest among additional Pacific Island Country Governments to encourage their participation in the insurance program.
- ▶ Communication to educate potential beneficiaries and policyholders about PCRIC, including support in the development and presentation of knowledge-based products etc.
- ▶ Communication with current and potential stakeholders and policyholders during all design and implementation of new products and product changes of PCRIC.
- ▶ Communication and press releases on announcement of payouts, new members, product changes and other key milestones, managing pressures from various stakeholders and expectations.

WTW (Willis Towers Watson / Willis New Zealand Limited)



Willis New Zealand Limited is contracted by PCRIC as its Insurance Manager and some of its activities include:

- ▶ Assisting the client company board (“the Board”) or authorised representative in the design of the insurance program to be implemented by the Client.
- ▶ Analysing the insurance portfolio based on the coverage selections made by each insured country calculating the aggregate risk profile, average expected loss amounts and possible maximum loss amounts to the portfolio.
- ▶ Estimating the future capital required by the Client based on past claims experience, anticipated future premium levels and anticipated level of risk retained.
- ▶ Presenting the results of the above analysis to the Board, making recommendations on the future level of risk retention and reinsurance strategy, and assist with updating the business plan accordingly.
- ▶ Controlling the fiduciary aspects of the insurance program of the Client under guidance from the Client’s CEO.

WTW (Willis Towers Watson / Willis Reinsurance Australia Ltd)



Willis Reinsurance Australia Ltd is contracted by PCRIC as its Reinsurance Broker and some of its activities include:

- ▶ Contacting the Client's representatives prior to renewal of the reinsurance programme to discuss and agree a placement strategy for the coming year.
- ▶ Submitting regular reports in writing on progress during the period of placement.
- ▶ Preparing and conducting a post renewal debrief with the Client, detailing salient information relative to the renewal and summarising terms and conditions of placement.
- ▶ Preparing addenda noting alterations to the Treaty as and when required within 20 working days of receipt of instructions.
- ▶ Conducting negotiations needed to seek to gain Reinsurers' approval of alteration or special acceptance to the treaty as and when required.

Audited Financial Statements



Photo Supplied by the Palau National Emergency Management Office

Salient Points of the FY21 Financial Report

Financial & Operational Highlights

Overall, PCRIC's financial performance was quite remarkable for FY21 with surplus of US\$2.53 million compared to a loss of US\$0.90 million in the previous FY. This was mainly underpinned by grant support through World Bank Multi Donor Trust Fund (MDTF) and Department for International Development (DFID) to the tune of just over US\$2.8 million.

Supported by zero claim accruing for FY21 with premium income totaling US\$1.252 million, the net underwriting profit stood at US\$0.513 million after accounting for the reinsurance expense of \$0.774 million.

Given the substantial liquid funds, US\$26.438 million has been invested with 84 percent held in managed funds and the residual balance in Listed Funds.

A notable uptick in the expenditure for FY21 was mainly due to Company's drive towards enhancing its visibility and embedding a most robust monitoring system. In addition, PCRIC managed to recruit a CEO in 2021 from the Pacific region to spearhead the organization. To this end, the expenditure outturn mirrored with the Budget which reflects efficient cost control.

Status of the Financial Position

The solvency position of the Company was very strong with liquid asset holding of over US\$27.73 million and debt to equity stands at a very modest 4.4 percent which underscores the financial strength of the entity.

The working capital of 24:1 reflects the healthy liquidity position of the Company. In the same vein, the Company does not have a long-term debt in its balance sheet further affirms the strength of its balance sheet.

The value actual capital was US\$26.598 million and compared to the requirement pursuant to the guiding capital insurance act of NZ100,000 equivalent to US\$69,775, this is 380 times more than the required volume.

Forward Outlook

The financial report quite aptly underscores PCRIC's reliance on the World Bank grant fund to sustain its operations and maintain its going concern status. Looking ahead, it is imperative for the Company to expand its client base and also widen its product base aligned with country's need.

The focus on new product development especially the rainfall and drought products are very positive. Coupled with this, country outreach is critical in order to create more awareness on the spectrum of parametric insurance products on offer and the value proposition associated with it.

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PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

Board of Directors:

John Bishop	28 May 2018	/ 25 August 2021 (resigned)
Barry Whiteside	8 June 2018	
Sarah-Jane Wild	25 September 2018	
Tine Ponia	10 December 2019	
Iulai Lavea	10 December 2019	/ 31 December 2020 (resigned)

Auditor:

KPMG
18 Viaduct Harbour Avenue
Auckland
New Zealand

Banker:

ANZ Banking Group Limited
Maire Nui Drive, Avarua
Rarotonga
Cook Islands

Registered Office:

Asiaciti Trust Pacific Limited
Bermuda House
Tutakimoa Road
Avarua
Rarotonga
Cook Islands

Postal Address:

Bermuda House
Tutakimoa Road

Rarotonga
Cook Islands

Shareholder:

Pacific Catastrophe Risk Insurance Foundation

One ordinary share

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

Results

The net profit after tax for the year ended 30 June 2021 is US \$2,533,756, 2020: US \$904,625 loss. The net profit after tax includes grant income in which the funds received have a restricted use. This requires that when the funds are utilised a replenishment strategy needs to be put in place. Without access to the Grant Income the entity itself would have a net loss after tax of US \$308,563 for the year ended 30 June 2021, 2020: US \$ 1,095,201 loss.

Grant Income

Grant income is key to the establishment of the Company and its future sustainability and also forms a part of the wider Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI). The Grant Income received is in accordance with the PCRAFI Multi-Donor Trust Fund Agreement (Grant Agreement). The Company received Grant Income from the World Bank Multi-Donor Trust Fund equal to US\$2,540,684 during the year ended 30 June 2021. US\$2,000,000 of the income received is to fund the capitalisation of the Company (Category 3 as per the Grant Agreement) and US\$540,684 of the income received is to fund the operational expenses of the Company (Category 1 as per the Grant Agreement).

Disclosures of Interests by Directors

There have been no transactions in which Directors have had an interest.

Auditor

The Auditor, KPMG New Zealand has been appointed and continues in office in accordance with Section 19 of the Captive Insurance Act 2013.

General

There has been no change in the main activities of the Company during the period.

The Directors consider the state of the Company's affairs to be satisfactory.

For and on behalf of the Board of Directors


Sarah-Jane Wood
Director & Chairperson
7 December 2021


Tine Ponia
Resident Director
7 December 2021

Directors' Responsibility Statement

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

The Directors are pleased to present the financial statements of Pacific Catastrophe Risk Insurance Limited for the year ended 30 June 2021 on pages 4 to 18 and the attached unaudited supplementary information on pages 22-23.

The Directors are responsible for the preparation of the financial statements in accordance with Cook Islands law and which are in accordance with New Zealand Generally Accepted Accounting Practice which give a true and fair view of the financial position of the Company as at 30 June 2021 and the results of its operations and cash flows for the year ended 30 June 2021.

The Directors consider that the financial statements of the Company have been prepared using accounting policies appropriate to the Company circumstances, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable New Zealand PBE Accounting Standards have been followed.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

For and on behalf of the Directors



Sarah-Jane Wild
Director & Chairperson



Tine Ponia
Resident Director

Statement of Comprehensive Revenue and Expenses

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

	NOTE	TOTAL 2021 US\$	TOTAL 2020 US\$
Gross written premium		1,260,000	1,240,000
Plus / (Less) change in unearned premium		(7,945)	184,603
Premium income		1,252,055	1,424,603
Reinsurance premiums		(774,000)	(670,311)
Less change in deferred reinsurance		35,848	(66,768)
Outwards reinsurance expense		(738,152)	(737,079)
Net premium income		513,903	687,524
Claims expense		-	(4,517,046)
Reinsurance recovery		-	3,267,046
Net claims incurred		-	(1,250,000)
Net underwriting profit / (loss)		513,903	(562,476)
Revenue from non-exchange transactions	9	2,540,684	214,440
Plus / (less) movement in revenue received in advance		301,636	(23,864)
Unrealized investment gain		181,700	-
Dividends income		26,229	-
Interest income		2,431	227,414
Revenue from non-underwriting sources		3,052,680	417,990
Auditor's remuneration	8	(35,228)	(32,442)
Project Audit		(100,000)	-
CEO remuneration		(132,429)	-
Calculation agent fee		(26,950)	(76,950)
Management fee expense		(100,000)	(100,000)
Recruitment agency fee		(12,500)	(15,520)
Reinsurance broker fee		(50,000)	(61,800)
Directors' fees		(84,142)	(104,673)
Legal fees		(59,138)	(47,173)
Financial Strength Rating		-	(37)
Investment Advisor		(5,815)	(20,700)
Consultants		(105,350)	(257,859)
Website Development		(8,989)	-
Monitoring and Evaluation Specialist Fee		(94,500)	-
Communications Manager		(17,400)	-
Secretariat Advisor		(63,225)	-
D&O Insurance		(29,208)	(24,857)
Other expenses		(107,953)	(18,128)
Total expenses		(1,032,827)	(760,139)
SURPLUS / (LOSS) FOR THE PERIOD			
TOTAL COMPREHENSIVE REVENUE AND EXPENSES			

The notes to the financial statements form part of and should be read in conjunction with this statement.

Statement of Financial Position

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

AS AT 30 JUNE 2021

	NOTE	TOTAL 2021 US\$	TOTAL 2020 US\$
EQUITY			
Share capital	3	100,000	100,000
Long Term Reserves (Restricted)		26,516,880	24,250,002
Retained Earnings (Unrestricted)		266,878	-
TOTAL EQUITY		26,883,758	24,350,002
Represented By:			
CURRENT ASSETS			
Cash and cash equivalents	4	1,332,599	21,407,538
Investments	5	26,438,116	-
Term Deposits	4	-	3,975,622
Deferred Reinsurance		262,948	227,100
Other receivable		-	5,421
Prepayments		22,587	17,052
TOTAL CURRENT ASSETS		28,056,250	25,632,733
TOTAL ASSETS		28,056,250	25,632,733
CURRENT LIABILITIES			
Payables	10(e)	712,978	529,527
Claim payables		-	-
MDTF Grant - Category 1 Advance	9 & 10	31,459	333,095
Unearned premium reserve		428,055	420,109
TOTAL CURRENT LIABILITIES		1,172,492	1,282,731
NET ASSETS			

The notes to the financial statements form part of and should be read in conjunction with this statement.

Statement of Changes In Equity

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

	Share Capital US\$	Retained Earning Unrestricted	Retained Earnings Restricted US\$	Long Term Reserves Restricted US\$	Total US\$
Balance at 30 June 2019	100,000	560,039	-	24,594,588	25,254,627
Loss for the period	-	(904,625)	-	-	(904,625)
Transfer (to) / from Long Term Reserves - MDTF	-	241,210	-	(241,210)	-
Reallocation to Long Term Reserves Accessed - MDTF	-	-	-	-	-
Transfer (to) / from Long Term Reserves - DFID	-	103,376	-	(103,376)	-
Reallocation to Long Term Reserves Accessed - DFID	-	-	-	-	-
Other comprehensive revenue and expenses for the period	-	(560,039)	-	(344,586)	(904,625)
Total	100,000	-	-	24,250,002	24,350,002
Balance at 30 June 2020	-	2,533,756	-	-	2,533,756
Surplus for the period	-	(2,000,000)	-	2,000,000	-
Transfer (to) / from Long Term Reserves - MDTF	-	(192,152)	-	192,152	-
Reallocation to Long Term Reserves Accessed - MDTF	-	-	-	-	-
Transfer (to) / from Long Term Reserves - DFID	-	(74,726)	-	74,726	-
Reallocation to Long Term Reserves Accessed - DFID	-	266,878	-	2,266,878	2,533,756
Other comprehensive revenue and expenses for the period	-	-	-	-	-
Total	100,000	266,878	-	26,516,880	26,883,758
Balance at 30 June 2021					

The notes to the financial statements form part of and should be read in conjunction with this statement.

Statement of Cash Flows

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

	NOTE	TOTAL 2021 US\$	TOTAL 2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from insurance contracts		1,260,000	1,240,000
Plus reinsurance recoveries received		-	3,267,046
		<u>1,260,000</u>	<u>4,507,046</u>
<i>Cash was disbursed to:</i>			
Claims paid		-	(4,517,046)
Payments to suppliers		(906,756)	(789,098)
Reinsurance premiums		(722,155)	(767,663)
		<u>(1,628,911)</u>	<u>(6,073,807)</u>
NET CASH (OUTFLOWS) / INFLOWS FROM OPERATING ACTIVITIES	12	<u>(368,911)</u>	<u>(1,566,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest received		7,853	234,576
Repayment of investment - Term Deposits		3,975,622	17,261,530
Dividends received		26,229	-
Sale of Investments		35,000	-
		<u>4,044,704</u>	<u>17,261,530</u>
<i>Cash was disbursed to:</i>			
Purchase of Investments		(26,291,416)	(4,535,660)
		<u>(26,291,416)</u>	<u>(4,535,660)</u>
NET CASH (OUTFLOWS) / INFLOW FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from revenue from non-exchange transactions		2,540,684	214,440
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>2,540,684</u>	<u>214,440</u>
NET (DECREASE) / INCREASE IN CASH HELD		(20,074,939)	11,608,125
Cash and cash equivalents at the beginning of the period		21,407,538	9,799,413
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>1,332,599</u>	<u>21,407,538</u>
Represented by:			
Bank balance		<u>1,332,599</u>	<u>21,407,538</u>

The notes to the financial statements form part of and should be read in conjunction with this statement.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

1 REPORTING ENTITY

Pacific Catastrophe Risk Insurance Company (PCRIC / the Company) is a body constituted in the Cook Islands under the Pacific Catastrophe Risk Insurance Facility Act 2016. The Pacific Catastrophe Risk Insurance Foundation (the Foundation) is the sole shareholder of PCRIC. The purpose of the Company is to undertake captive insurance business within the meaning of the Cook Island Captive Insurance Act 2013. The primary objective of the Company is to provide services for the benefit of the Pacific Island Countries and to establish a sustainable and viable vehicle to assist with post disaster relief in the Pacific. The Company is a Public Benefit Entity (PBE) for financial reporting purposes. These financial statements for the Company are for the year ended 30 June 2021 and were authorised for issue by the Board on 7 December 2021

Basis of Financial Statement Preparation

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) as required by the Cook Island Captive Insurance Regulations 2013. Management has elected to prepare these financial statements in accordance with Tier 1 PBE accounting standards. The financial statements comply with PBE accounting standards for Tier 1 not-for-profit public benefit entities.

The period covered by the financial statements is from 1 July 2020 to 30 June 2021. The comparative balances are the period from 1 July 2019 to 30 June 2020.

The financial statements are presented in United States dollars, rounded to the nearest dollar, being the functional currency.

The financial statements have been prepared on the historical cost basis unless otherwise stated. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Directors consider it appropriate for these financial statements to be prepared on a going concern basis.

Compliance with the Grant Agreement

Under the Pacific Catastrophe Risk Assessment and Financing Initiative Multi-Donor Trust Fund Grant Agreement Number TF A4171 dated 16 February 2017 ('Grant Agreement') between the Company and the International Bank for Reconstruction and Development and the International Development Association, the Company has to ensure compliance with the Grant Agreement. In the event the Company fails to perform any obligation under the Grant Agreement, the World Bank could either: suspend the Company's right to make withdrawals from the Grant Account; or cancel / terminate the right of the Company to make withdrawals with respect to an unwithdrawn amount of the Grant under the Grant Agreement.

In addition, under clause 4.05(a) of the World Bank Policy "Standard Conditions for Grants Made by the World Bank Out of Various Funds", the World Bank has the ability to seek a refund if the Company is deemed to be non-compliant with the Grant Agreement and the Terms and Conditions attaching.

To date there have been minor instances of non-compliance regarding process matters, and whilst known to the World Bank, these breaches have not been formally waived by them.

Management's immediate plans are to closely monitor the performance of its obligations under the Grant Agreement and if the Company anticipates non-compliance of any such obligations, Management would notify the World Bank and seek approval from duly authorised World Bank staff member (or representative) prior to any actions which may be considered as non-compliant.

As at 30 June 2021 and the date of the signing of these financial statements, the unwithdrawn amount of grant under the Grant Agreement was \$3.1m. As at the date of the signing of these financial statements, the Company has cash and cash equivalents of \$1.3m and investments available of \$26.4m, which provides sufficient operating cashflows for the Company's cashflows requirements for 12 months from the date of the signing of these financial statements, should the World Bank suspend the Company's right to make withdrawals from the Grant Account or cancel / terminate the right of the Company to make withdrawals with respect to an unwithdrawn amount of the grant under the Grant Agreement.

Nevertheless the matters referred to above indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and that the Company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

1 REPORTING ENTITY (continued)

"Closing date" of the Project

The Grant Agreement establishes the objective of the project as improving access to post-disaster rapid response finance for Pacific Island Countries. The Company is responsible for administering the project in order to achieve this objective. The World Bank has approved to extend the closing date to December 31, 2022. Accordingly, these financial statements have been prepared on a going concern basis.

Standards issued and not yet effective and not early adopted

PBE IPSAS 41 Financial Instruments replaces the existing guidance in PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

PBE IPSAS 41 is effective for annual reporting periods beginning on or after 1 January 2022, with early adoption permitted. Based on management's initial impact assessment of this Standard, this Standard is not expected to have a material impact on the Company's financial statements.

Summary of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements. Significant accounting policies that do not relate to a specific note are outlined below:

Investments

Classification

The Company designates all of its financial assets as 'at fair value through surplus or deficit' as they are held for trading and available to back insurance liabilities. Assets in this category are classified as current assets if expected to be settled or sold within 12 months, otherwise they are classified as non-current.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through surplus or deficit are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive revenue and expenses. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through surplus or deficit are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through surplus or deficit' category are presented in the statement of comprehensive revenue and expenses in the period in which they arise. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Company is the current bid price.

Disclosure

The Company designates all of its financial assets as 'at fair value through surplus or deficit' under PBE IPSAS 29 because they are held for trading in accordance with the Statement of Investment Policy Objectives and reported to Key Management Personnel on a fair value basis.

Income Tax

The Company is exempt from income tax in accordance with the Pacific Catastrophe Risk Insurance Facility Act 2016. Accordingly, no provision has been made for income tax. Tax advice may be sought to ensure that any operation by PCRIC in other jurisdictions does not jeopardise the entity's position to maintain the tax exempt status.

Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with PBE IPSAS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are also reviewed on an ongoing basis and any changes to the estimates are recognised in the period in which they are revised.

For the year ending 30 June 2021, estimation of the fair value of financial assets, as disclosed in note 5 was an area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

2 BASIS OF FINANCIAL STATEMENT PRESENTATION

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and deposits on call, with an original maturity of three months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

(a) **Revenue Recognition**

Premium Income

Premium income is recognised by reference to the pattern of risk and the proportion of the policy period covered by the premium that is completed at balance date. The adequacy of the unearned premium liability is assessed by considering the current estimates of the present value of the expected cash flows relating to future claims arising from the rights and obligations under current insurance contracts against the unearned premium liability.

Interest

Interest revenue is recognised in profit or loss using the effective interest method.

Unrealised investment gains or losses are recognised in profit or loss.

Revenue from non-exchange transactions

Where a physical asset is acquired for no cost or nominal cost, the fair value of the asset received is recognised as revenue only when the Company has control of the asset. Multi Donor Trust Fund (MDTF) Operational Expense Grant Category 1 is recognised as revenue in the fiscal period in which an eligible expenditure is incurred. MDTF Grant (Category 2 & 3) and Department for International Development (DFID) Grant are recognised in the financial period in which the funds are received. Refer Note 8 for further details on revenue from non-exchange transactions.

(b) **Outwards Reinsurance**

Premiums ceded to reinsurers are recognised as an expense in accordance with the incidence of risk and pattern of reinsurance cover received.

(c) **Claims Expense and Outstanding Claims**

Claims paid are treated as an expense. Provision is made for the estimated cost of all claims notified but not settled at balance date and claims incurred but not yet reported. Claims incurred must be reported within 40 business days after the date of occurrence of the applicable catastrophe event. During the period ended 30 June 2021 there were no claims reported for which a provision may be required.

(d) **Reinsurance and Other Recoveries Receivable**

Reinsurance and other recoveries receivable on paid claims, reported claims not yet paid and claims incurred but not reported are assessed in a manner similar to the assessment of outstanding claims.

(e) **Assets Backing General Insurance Liabilities**

The assets are assessed under PBE IFRS 4 Insurance Contracts to be assets that are held to back general insurance liabilities. The fair value of these assets are obtained from quoted market prices for equity investments and valuation techniques using observable inputs for managed funds investments.

These financial assets are designated as fair value through surplus or deficit. Initial recognition is at fair value in the statement of financial position with any fair value gains or losses recognised in the statement of comprehensive revenue and expenses.

Loans and other receivables are initially recognised at fair value, being the amount due. Debts which are known to be uncollectible, are written off.

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the loans and other receivables.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

2 BASIS OF FINANCIAL STATEMENT PRESENTATION (continued)

(f) **Other Payables**

Other payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Payables are recognised at amortised cost.

(g) **Statement of Cash Flows**

For the purposes of the statement of cash flows, cash and cash equivalents include bank balances net of outstanding bank overdrafts.

The following terms are used in the statement of cash flows:

Operating activities are the principal revenue producing activities of the Company and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the Company and funds received under grants.

(h) **Equity**

Equity is measured by total assets less total liabilities. Equity is comprised of share capital, retained earnings and long term reserves.

Share capital is classified as equity when there is no obligation to transfer cash or other assets.

Retained earnings are disaggregated and classified into a number of sub-reserves to enable clearer identification of the specified uses that Company makes of its retained earnings. The components of retained earnings are:

- * Retained Earnings
- * Long Term Reserves

Reserves represent a particular use to which various parts of equity have been assigned.

Retained earnings sub-reserves may be:

- * Created, by the Company and may be altered without reference to any party, transfers to and from these reserves are at the discretion of Company; or
- * Legally restricted, under specific conditions accepted as binding by the Company, transfers from these reserves may be made only for specified purposes or when certain conditions are met.

The PCRIC retained earnings sub-reserve named Long Term Reserve has been created by the Company for the purpose of:

- Identifying and segregating from Retained Earnings the restricted MDTF and DFID funds which can only be used for:
- * facilitating a quick claim payment whilst waiting on reinsurance to be recovered.
- * making a claim payment where there is insufficient Retained Earnings to cover the full cost of the claim.

(i) **Contingent Liability**

The Company defines this as an obligation (if any), that will only be confirmed through the occurrence or non-occurrence of an uncertain event not wholly within the Company's control.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

	2021 US\$	2020 US\$
3. SHARE CAPITAL		
One ordinary share	100,000	100,000

All ordinary shares are fully paid, have equal voting rights and share equally in dividends and net assets on winding up. The shares have no par value.

4. CASH & CASH EQUIVALENTS AND TERM DEPOSITS

	2021 US\$	2021 US\$	2021 US\$	2020 US\$	2020 US\$	2020 US\$
	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
Designated Bank Account/s	249,198	-	249,198	17,505,520	-	17,505,520
Premium Account	266,878	785,394	1,052,272	3,186,911	715,107	3,902,018
Total Cash & Cash equivalents	516,076	785,394	1,301,470	20,692,431	715,107	21,407,538
Term Deposits	-	-	-	3,975,622	-	3,975,622
Cash - ForsythBarr	-	31,129	31,129	-	-	-
Term Deposits & Cash funds	-	31,129	31,129	3,975,622	-	3,975,622

Subsequent to 30 June 2020, the World Bank requested that \$17,121,521 relating to the maturity of a DFID term deposit in June 2020 which is included in the \$17,505,520 Designated Account above be transferred to the Premium Account in line with the designations as described below. The transfer was made on 27 August 2020. Subsequent to this the funds were used to purchase investments.

The Designated Bank Account, Cash funds and Term Deposits have been created to hold the restricted funds. Restricted Funds are those funds received from either the MDTF or DFID.

Funds disbursed from the MDTF are designated as follows:

Category 1 - Funds for goods, consulting services, non-consulting services, training and operating costs for:

- Establishment and operationalisation of the PCRIC
- Monitoring and evaluation of the insurance payout process
- Development of Disaster Risk Insurance Products.

Category 2 - Capitalisation Phase 1 (First instalment of project funds for capitalisation)

Category 3 - Capitalisation Phase 2 (Second instalment of project funds for capitalisation)

Funds received from the MDTF as Category 1 are held within the Designated Bank Account. Funds received as Category 2 and 3 and those funds received from DFID are held within the investments.

	2021 US\$	2020 US\$
5. INVESTMENTS		
(i) Equity Investments in Listed Funds	4,231,053	-
(ii) Investments in Managed Funds	22,207,063	-
	26,438,116	-

(i) these are classified as financial assets at fair value through surplus and deficit with a carrying value of \$4,231,053 (30 June 2020: \$0)

(ii) these are classified as financial assets at fair value through surplus and deficit with a carrying value of \$22,207,063 (30 June 2020: \$0).

6. CREDIT RATING

The Company does not have, has not sought and is not required to have a credit rating. The Company is exempted from this requirement as the Company does not insure any third party risks.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

7. INSURANCE CONTRACTS - RISK MANAGEMENT POLICIES AND PROCEDURES

The Company was issued with a licence under the Cook Islands Captive Insurance Act 2013 on 10 June 2016.

The financial condition and operation of the Company is affected by a number of key risks including insurance risk, interest rate risk, market risk, compliance risk and operational risk. The Company's policies and procedures in respect of managing insurance risk are set out in this note.

Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Company has an objective to control insurance risk thus minimising substantial unexpected losses that would expose the Company to an adverse financial capital loss.

The Company has an Operational Manual which has been endorsed by the council of members, this manual sets out the policies and procedures.

Key aspects of the processes established to mitigate risks include:

- The maintenance and use of management information systems, which provide up to date, reliable data on the risks to which the business is exposed at any point in time.
- Models, using information from the management information systems, are used to calculate premiums and monitor claims patterns. Past experience is used as part of the process.
- The management of assets and liabilities is closely monitored to attempt to match the maturity dates of assets with the expected pattern of claims.
- The investment strategy is to invest in assets as stipulated in the Company's Statement of Investment Policy Objectives (SIPO).
- Undertaking reinsurance cover to limit its maximum probable loss.

Insurance Risk

Insurance exposure is managed by the Company by its ability to review insurance contracts in place and in particular adjust future premium rates.

The gross exposure of the Company is US\$ 20,326,983 (2020 US\$ 20,875,244). This is limited through the purchase of reinsurance. Net exposure of the Company is US\$ 8,576,983 (2020 US\$ 9,125,244).

Exposure for each of the member countries is:

Member	Peril Insured	2021	Coverage Limit	Peril Insured	2020	Coverage Limit
		Event Insured			Event Insured	
Cook Islands	Tropical Cyclone	1 in 150 Year	2,881,982	Tropical Cyclone	1 in 150 Year	3,004,647
Samoa	Earthquake & Tropical Cyclone	1 in 50 Year	10,510,162	Earthquake & Tropical Cyclone	1 in 50 Year	10,716,366
Tonga	Earthquake & Tropical Cyclone	1 in 30 Year	6,934,839	Earthquake & Tropical Cyclone	1 in 30 Year	7,154,231
Total			20,326,983			20,875,244

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

7. INSURANCE CONTRACTS - RISK MANAGEMENT POLICIES AND PROCEDURES (continued)

Liquidity Risk

Liquidity risk represents the risk that the company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis, with a special focus at the time of the insurance renewal (1 November each year). The key risk to liquidity is the net exposure retained as noted in the Insurance Risk section of this note. Although the Capital held by the Company is greater than the net exposure the Board makes an assessment of the likelihood of a full claim from each participating country and notes it would require the following:

		2021	Event Required for Full Loss		2020	Event Required for Full Loss
Member	Peril Insured			Peril Insured		
Cook Islands	Tropical Cyclone		1 in 150 Year	Tropical Cyclone		1 in 150 Year
Samoa	Earthquake & Tropical Cyclone		1 in 50 Year	Earthquake & Tropical Cyclone		1 in 50 Year
Tonga	Earthquake & Tropical Cyclone		1 in 30 Year	Earthquake & Tropical Cyclone		1 in 30 Year

Credit Risk

The credit rating of all participating reinsurers is monitored by the Company's Adviser who is responsible for warning the Board of changes to the credit ratings of any reinsurer involved in the Company's reinsurance programme. The reinsurer credit ratings are listed below and are formally reviewed by the Board each year.

Reinsurer	Rating Agency	Coverage Percentage	Rating
Lloyd's of London	Kroll Bond Rating Agency	30%	AA-
Liberty Specialty Markets Paris	Standard & Poors	10%	A
Mitsui Sumitomo Insurance Co Ltd, Japan	Standard & Poors	20%	A+
Generali Assicurazioni Generali S.p.A	AM Best	40%	A

Financial assets and liabilities arising from insurance and reinsurance contracts are stated in the balance sheet at the amount that best represents the maximum credit exposure at balance date.

Liability Adequacy Test

The liability adequacy test is an assessment of whether the carrying amount of the recognised liabilities are adequate and is conducted at each reporting date. If current estimates of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance contracts exceed the recognised liabilities then the recognised liabilities are deemed to be deficient.

There is no deficiency at 30 June 2021

8. AUDITOR'S REMUNERATION

	2021 US\$	2020 US\$
- Audit of financial statements	35,228	32,442
Total	35,228	32,442

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

9. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are those where the Company receives value from another entity without giving approximately equal value in exchange. The Company receives non-exchange transactions by way of grant funding under the Multi-Donor Trust Fund Agreement (MDTF) entered into with International Bank for Reconstruction and Development, and the International Development Association. The Company also receives grant funding under the Memorandum of Understanding entered into with the Department for International Development (DFID). Recognition of non-exchange revenue from grants depends on whether the grant comes with any stipulations imposed on the use of a transferred asset.

Stipulations that are 'conditions' specifically require the Company to return the inflow of resources received if they are not used in the way stipulated, and therefore do not result in the recognition of a non-exchange revenue until the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Company to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue on receipt.

	2021 US\$	2020 US\$
MDTF Grant (Category 2 & 3)	2,000,000	-
Opening balance MDTF Revenue received in Advance	333,095	309,231
MDTF Grant (Category 1)	540,684	214,440
MDTF Revenue Received in Advance	(31,459)	(333,095)
DFID	-	-
Revenue from non-exchange transactions	2,842,320	190,576

10. RISK MANAGEMENT

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

(a) Capital Management

The Company's capital includes share capital and retained earnings. The Company's policy is to maintain a strong capital base so as to maintain shareholder, creditor and policyholder confidence and to sustain the future development of the business.

Financial Resource Requirements under the Captive Insurance Act 2013

When managing capital, the Directors' objective is to ensure the Company continues as a going concern, at the same time meeting regulatory obligations in regard to minimum capital requirements.

The Directors monitor the capital structure of the Company in light of economic factors and regulatory requirements, with a view of making adjustments where necessary.

The Company, as a captive insurer, is required to maintain sufficient capital to meet the prescribed minimum requirements in accordance with the Captive Insurance Act 2013, Captive Insurance Regulations 2013 and related regulations (collectively, "the Act"). The methodology and bases for determining the financial resource requirements are in accordance with the requirements of the Act.

Under the Act, the Company is required to maintain minimum prescribed capital and surplus of NZ \$100,000.

	2021 US\$	2020 US\$
Actual capital	26,598,224	24,105,850
Prescribed minimum capital (expressed in USD equivalent of NZD \$100,000)	69,775	64,232
Margin	26,528,449	24,041,618
Margin ratio	381.20	375.29

(b) Market Risk

(i) Interest rate risk

The Company's interest rate risk arises from the cash component held in its investments portfolio. To manage its exposure to interest rate risk the Company diversifies its investment portfolio. Diversification of the investment portfolio is done in accordance with the limits set by the Company's SIPO.

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

10. RISK MANAGEMENT (continued)

(b) Market Risk (continued)

(ii) Foreign exchange risk

Foreign currency risk is the risk that the value of the Company's assets and liabilities or revenues and expenditure will fluctuate due to changes in foreign exchange rates. Reinsurance is purchased in United States dollars, irrespective of where the reinsurer is domiciled, and is effective from the same date and time as the Company writes the policy for its premiums and accepts the insurance risk. The Company is not exposed to currency risk as its investments are denominated in United States dollars.

(iii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified in the statement of financial position as at fair value through surplus or deficit. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company's SIPO.

(c) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The failure of a reinsurer to pay claims will constitute a credit risk. The Company minimises this credit risk by reinsuring with reinsurers with a credit ratings of A or above.

Financial instruments which potentially subject the Company to credit risk principally consist of cash and cash equivalents held with a counterparty bank. The Company maintains these balances with a counterparty bank having a credit rating of AA- from Standard & Poors, and does not anticipate a default from the counterparty bank.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

(d) Liquidity Risk Management

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The maturity profile of financial instruments is disclosed in Note 11.

(e) Categories of Financial Instruments and fair value hierarchy

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted market prices – financial instruments with quoted prices for identical instruments in active markets.

Level 2: Valuation techniques using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Financial assets:

Assets measured at fair value

- Cash and cash equivalent (Level 2)
- Investments in Term Deposits (Level 1)
- Equity Investments in Listed Funds (Level 1)
- Investments in Managed funds (Level 2)

2021	2020
US\$	US\$
1,332,599	21,407,538
-	3,975,622
4,231,053	-
22,207,063	-

Loans and receivables

- Other receivables (Level 2)

-	5,421
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Total financial assets

27,770,714	25,388,581
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Financial liabilities

Other financial liabilities

- Payables (Level 2)
- MDTF grant income category 1 advance (Level 2)

712,978	529,527
31,459	333,095

Total financial liabilities

744,437	862,622
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(f) Sensitivity Analysis

In managing interest rate risk and price risk the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. The table below summarises the impact of increases / decreases of the investment income on the Company's surplus or deficit for the year and on equity. The analysis is based on the assumption that the investment income had increased / decreased by 5% with all other variables held constant:

	Impact on Total Comprehensive Revenue and Expenses	
	2021	2020
	US\$	US\$
Unrealized investment gain	181,700	-
Impact of a +/- 5% change in market prices	9,085	-
Interest income	2,431	227,414
Impact of a +/- 5% change in interest rates	122	11,371

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

11. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The following tables detail the Company's remaining contractual maturity for its financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial instruments based on the earliest date on which the Company can be required to pay/receive. The table includes both interest and principal cash flows.

	Up to 1 month US\$	1 month up to 12 months US\$	Over one year US\$	Total US\$
2021				
Financial Liabilities				
- MDTF grant income category 1 advance	-	(31,459)	-	(31,459)
- Reinsurance payable	-	(387,000)	-	(387,000)
- Audit fee payable	-	(63,978)	-	(63,978)
- Management fee payable	(60,000)	-	-	(60,000)
- Consultants	(10,350)	-	-	(10,350)
- Director Fees	(8,000)	-	-	(8,000)
- Pacific Catastrophe Risk Insurance Foundation	(50,300)	-	-	(50,300)
- Legal Fees	(18,817)	-	-	(18,817)
- Website Development	(8,989)	-	-	(8,989)
- Investment Advisor	(26,514)	-	-	(26,514)
- Communications Manager	(17,400)	-	-	(17,400)
- Product Development	(4,800)	-	-	(4,800)
- Secretariat Fee	(5,625)	-	-	(5,625)
- Monitoring & Evaluation Fees	(26,250)	-	-	(26,250)
- Resident Director	(24,955)	-	-	(24,955)
	(262,000)	(482,437)	-	(744,437)
2020				
Financial Liabilities				
- MDTF grant income category 1 advance	-	(333,095)	-	(333,095)
- Reinsurance payable	-	(335,155)	-	(335,155)
- Audit fee payable	-	(40,000)	-	(40,000)
- Management fee payable	(20,000)	-	-	(20,000)
- Consultants	(23,350)	-	-	(23,350)
- Director Fees	(35,973)	-	-	(35,973)
- Pacific Catastrophe Risk Insurance Foundation	(50,300)	-	-	(50,300)
- Legal Fees	(3,079)	-	-	(3,079)
- Board Meeting Expenses	(970)	-	-	(970)
- Investment Advisor	(20,700)	-	-	(20,700)
	(154,372)	(708,250)	-	(862,622)

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

For the year ended 30 June 2021

12. NET CASH GENERATED BY OPERATING ACTIVITIES

Reconciliation of (loss) / profit for the period to net cash generated by operating activities:	2021 US\$	2020 US\$
(Loss) / Profit for the year	2,533,756	(904,625)
Less revenue from non-exchange transactions	(2,842,320)	(190,576)
Less interest on Term Deposit	(2,431)	(234,576)
Less Unrealised investment gain	(181,700)	-
Less Dividend income	(26,229)	-
Changes in net assets and liabilities:		
Other receivables	-	7,162
Deferred reinsurance	(35,848)	66,768
Prepayments	(5,535)	(497)
Payables & MDTF Grant	183,451	(125,813)
Unearned premium reserve	7,945	(184,603)
Net cash (used in)/generated by operating activities	(368,911)	(1,566,760)

13. RELATED PARTY TRANSACTIONS AND BALANCES

The parent of the Company is Pacific Catastrophe Risk Insurance Foundation (PCRIF), which is also the sole shareholder, and therefore is a related party.

Contributions made by Fiji to become a member of PCRIF is held by PCRIC since PCRIF does not have a bank account. This is recorded as part of part of payables and the balance as at 30 June 2021 is \$50,300 (2020: \$50,300)

During the year, the Company incurred directors fees of \$84,142 (2020: \$104,673).

During the year, the Company incurred \$132,429 (2020: \$0) on CEO Salary.

There were no travel expenses incurred on behalf of the Company during the year (2020: \$8,806).

14. REPLENISHMENT STRATEGY

A requirement of the Grant Agreement is to replenish any reserves utilized to fund a claim. The Board approved a Replenishment Strategy to replenish the Long Term Reserves with 50% of the current year's Operating Profit after taking out the MDTF Cat 3 grant income received. The Replenishment Strategy will remain in place until the Long Term Reserves are fully replenished.

A total of \$266,878 was transferred from retained earnings to Long Term Reserves.

15. CONTINGENT LIABILITY

The Company insured the Governments of the Cook Islands, Tonga and Samoa. Most countries impose a tax on premiums paid to insurers in overseas jurisdictions. Any such tax obligation is typically the obligation of the insured, however in the event that the insured does not honour any liability, the insurer would be responsible for any tax amounts owing.

As at 30 June 2021, Tonga have granted a revocation to exempt the Company from taxes related to premiums effective 1 June 2021 and Samoa have confirmed the Company has no outstanding tax obligation. However, this potential obligation meets the definition a contingent liability. That is, the obligation (if any), will only be confirmed through the occurrence or non-occurrence of an uncertain event not wholly within the Company's control."

16. EVENTS OCCURRING AFTER BALANCE DATE

There are no subsequent events which occurred after the balance date



Independent Auditor's Report

To the shareholder of Pacific Catastrophe Risk Insurance Company

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements of Pacific Catastrophe Risk Insurance Company (the 'Company') on pages 4 to 18:

- i. present fairly in all material respects the Company's financial position as at 30 June 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards (Not For Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2021;
- the statements of comprehensive revenue and expenses, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.



Material uncertainty related to going concern

We draw attention to Note 1 Basis of Financial Statement Preparation – "Compliance with Grant Agreement".

As highlighted in the Compliance with the Grant Agreement note to the financial statements, should the Company fail to comply with the terms and conditions attaching to the Grant Agreement, the World Bank could cancel/terminate the right of the Company to make withdrawals from the Grant Account, and/or cancel/terminate the right of the Company to make withdrawals with respect to any undrawn amount of the Grant under the Grant Agreement, and in addition seek a refund of Grant amounts disbursed. To date there have been minor instances of non-compliance regarding process matters with the Grant Agreement, and whilst known to the World Bank, these breaches have not been formally waived by them.



As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our audit opinion is not qualified in respect of this matter.

Other information

The Directors, on behalf of the Company, are responsible for the other information, being the Directors' report, Directors' responsibility statement and supplementary information included on pages 22 to 23 included in the Company's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Report on other legal and regulatory requirements

In accordance with the requirements of Regulations 13(2) and 13(3) of the Captive Insurance Regulations 2013, we report that the financial statements are prepared in accordance with the provisions of Section 18 (1) of the Captive Insurance Act 2013, and Regulation 12 of the Captive Insurance Regulation 2013.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the Company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards (Not For Profit));
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG

KPMG
Auckland

13 December 2021

APPENDIX 1

PACIFIC CATASTROPHE RISK INSURANCE COMPANY

SUPPLEMENTARY INFORMATION (UNAUDITED) - STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES BY BUSINESS LINE

For the year ended 30 June 2021

	NOTE	MDTF Cat 1 2021 US\$	MDTF Cat 2-3 2021 US\$	DFID 2021 US\$	ENTITY 2021 US\$	TOTAL 2021 US\$	MDTF Cat 1 2020 US\$	MDTF Cat 2-3 2020 US\$	DFID 2020 US\$	ENTITY 2020 US\$	TOTAL 2020 US\$
Gross written premium		-	-	-	1,260,000	1,260,000	-	-	-	1,240,000	1,240,000
Less change in unearned premium		-	-	-	(7,945)	(7,945)	-	-	-	184,603	184,603
Premium income		-	-	-	1,252,055	1,252,055	-	-	-	1,424,603	1,424,603
Reinsurance premiums		-	-	-	(774,000)	(774,000)	-	-	-	(670,311)	(670,311)
Less change in deferred reinsurance		-	-	-	35,848	35,848	-	-	-	(66,768)	(66,768)
Outwards reinsurance expense		-	-	-	(738,152)	(738,152)	-	-	-	(737,079)	(737,079)
Net premium income		-	-	-	513,903	513,903	-	-	-	687,524	687,524
Claims expense		-	-	-	-	-	-	-	-	(4,517,046)	(4,517,046)
Reinsurance recovery		-	-	-	-	-	-	-	-	3,267,046	3,267,046
Net claims incurred		-	-	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Net underwriting (loss) / profit		-	-	-	513,903	513,903	-	-	-	(562,476)	(562,476)
Revenue from non-exchange transactions		540,684	2,000,000	-	-	2,540,684	214,440	-	-	-	214,440
Plus / (less) movement in revenue received in advance		301,636	-	-	-	301,636	(23,864)	-	-	-	(23,864)
Unrealized investment gain		-	-	-	181,700	181,700	-	-	-	-	-
Dividends income		-	-	-	26,230	26,230	-	-	-	-	-
Interest income		-	-	-	2,431	2,431	-	-	-	227,414	227,414
Revenue from non-underwriting sources		842,320	2,000,000	-	210,360	3,052,680	190,576	-	-	227,414	417,990
Auditor's remuneration	7	-	-	-	(35,228)	(35,228)	-	-	-	(32,442)	(32,442)
Project Auditor's remuneration		(100,000)	-	-	-	(100,000)	-	-	-	-	-
CEO remuneration		(132,429)	-	-	-	(132,429)	-	-	-	-	-
Calculation agent fee		(26,950)	-	-	-	(26,950)	-	-	-	(76,950)	(76,950)
Management fee expense		(80,000)	-	-	(20,000)	(100,000)	(80,000)	-	-	(20,000)	(100,000)
Recruitment agency fee		(12,500)	-	-	-	(12,500)	(15,000)	-	-	(520)	(15,520)
Reinsurance broker fee		-	-	-	(50,000)	(50,000)	-	-	-	(61,800)	(61,800)
Directors' fees		(84,142)	-	-	-	(84,142)	(22,056)	-	-	(82,617)	(104,673)
Legal fees		(59,118)	-	-	(20)	(59,138)	-	-	-	(47,173)	(47,173)
Financial Strength Rating		-	-	-	-	-	54,014	-	-	(54,051)	(37)
Investment Advisor		(5,815)	-	-	-	(5,815)	(20,700)	-	-	-	(20,700)
Consultants		(81,750)	-	-	(23,600)	(105,350)	(105,000)	-	-	(152,859)	(257,859)
D&O Insurance		-	-	-	(29,208)	(29,208)	-	-	-	(24,857)	(24,857)
Other expenses		(259,617)	-	-	(32,451)	(292,068)	(1,834)	-	-	(16,294)	(18,128)
Total expenses		(842,320)	-	-	(190,506)	(1,032,826)	(190,576)	-	-	(569,563)	(760,139)
SURPLUS FOR THE PERIOD		(0)	2,000,000	-	533,757	2,533,757	-	-	-	(904,625)	(904,625)
TOTAL COMPREHENSIVE REVENUE AND EXPENSES											

The notes to the financial statements form part of and should be read in conjunction with this appendix.

APPENDIX 2

PACIFIC CATASTROPHE RISK INSURANCE COMPANY SUPPLEMENTARY INFORMATION (UNAUDITED) - STATEMENT OF FINANCIAL POSITION BY BUSINESS LINE AS AT 30 JUNE 2021

	NOTE	MDTF Cat 1 2021 US\$	MDTF Cat 2-3 2021 US\$	DFID 2021 US\$	ENTITY 2021 US\$	TOTAL 2021 US\$	MDTF Cat 1 2020 US\$	MDTF Cat 2-3 2020 US\$	DFID 2020 US\$	ENTITY 2020 US\$	TOTAL 2020 US\$
EQUITY											
Share capital	3	-	-	-	100,000	100,000	-	-	-	100,000	100,000
Long Term Reserves		-	16,880,310	9,369,692	-	26,250,002	-	18,000,000	7,765,895	-	25,765,895
Long Term Reserves Replenished / (Accessed)		-	192,152	74,726	-	266,878	-	(1,119,690)	(396,203)	-	(1,515,893)
Retained Earnings		-	-	-	266,878	266,878	-	-	-	-	-
TOTAL EQUITY		-	17,072,462	9,444,418	366,878	26,883,758	-	16,880,310	7,369,692	100,000	24,350,002
Represented By:											
CURRENT ASSETS											
Cash and cash equivalents	4	249,198	192,152	74,726	816,523	1,332,598	418,051	16,880,310	3,394,070	715,107	21,407,538
Term Deposits		-	-	-	-	-	-	-	3,975,622	-	3,975,622
Investments	5	-	18,880,300	7,369,692	188,124	26,438,116	-	-	-	-	-
Deferred Reinsurance		-	-	-	262,948	262,948	-	-	-	227,100	227,100
Other receivable		-	-	-	-	-	-	-	-	5,421	5,421
Prepayments		-	-	-	22,587	22,587	-	-	-	17,052	17,052
TOTAL CURRENT ASSETS		249,198	19,072,452	7,444,418	1,290,181	28,056,250	418,051	16,880,310	7,369,692	964,680	25,632,733
TOTAL ASSETS		249,198	19,072,452	7,444,418	1,290,181	28,056,250	418,051	16,880,310	7,369,692	964,680	25,632,733
CURRENT LIABILITIES											
Payables	10	221,700	-	-	491,278	712,978	84,956	-	-	444,571	529,527
Claim payables		-	-	-	-	-	-	-	-	-	-
MDTF Grant - Category 1 Advance	8	31,459	-	-	-	31,459	333,095	-	-	-	333,095
Unearned premium reserve		-	-	-	428,055	428,055	-	-	-	420,109	420,109
TOTAL CURRENT LIABILITIES		253,159	-	-	919,332	1,172,492	418,051	-	-	864,680	1,282,731
NET ASSETS											

The notes to the financial statements form part of and should be read in conjunction with this appendix.



Photo Supplied by Niue Meteorological Service



PACIFIC
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