



PACIFIC  
CATASTROPHE  
RISK INSURANCE  
COMPANY

# **Business Plan**

July 2023 to December 2025

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## Stakeholder Review

Version	Operations	Board
First Draft		
Final		
Reforecast		

## List of Acronyms

<b>BoD</b>	Board of Directors
<b>CoM</b>	Council of Members
<b>DFID</b>	UK Government Department for International Development
<b>DRF</b>	Disaster Risk Finance
<b>FICs</b>	Forum Island Countries
<b>FRDP</b>	Framework for Resilience Development in the Pacific
<b>FY</b>	Financial Year
<b>IDA</b>	International Development Association
<b>MDTF</b>	Multi-Donor Trust Fund
<b>PCRAFI</b>	Pacific Catastrophe Risk Assessment and Financing Initiative
<b>PCRIC</b>	Pacific Catastrophe Risk Insurance Company
<b>PCRIF</b>	Pacific Catastrophe Risk Insurance Foundation
<b>PRP</b>	Pacific Resilience Partnership
<b>UN</b>	United Nations
<b>WB</b>	World Bank
<b>WFP</b>	World Food Program

## Executive Summary

With the increased incidence of climate-related disasters across the region, there has never been a more needful time for access to scalable Disaster Risk Finance and Climate Resilience solutions. Similarly, there has never been a more needful time to ensure decision-makers are equipped with a richer appreciation of parametric insurance and the valuable contribution it can make to the management of disaster risk finances. PCRIC remains uniquely positioned as one of the few regional institutions capable of providing credible knowledge and product solutions to assist nations of the region mitigate the financial risks associated with climate-related disasters.

In this context, it is imperative that PCRIC continue to assert its strong regional position in the marketplace, irrespective of the operational challenges we encounter. With greater market awareness and excellent prospects for significant growth in demand through the introduction of new products, this Business Plan for the period July 2023 to December 2025 reflects both realism and optimism.



L-R: Investment Manager & Advisor - Michael Chamberlain, CEO - Aholotu Palu, Finance & Planning Manager - Pankaj Singh, Insurance Manager - David Ntow and Regional Coordinator - Akosita Drova discussing the PCRIC Business Plan and Budget at the Pacific Islands Forum Secretariat, Suva, Fiji. *Photo by Webmedia South Pacific*

With the closure of the World Bank PCRAFI project on 31 December 2022, the financial analysis reflects a realistic assessment that, based on the planned work program for the period, PCRIC needs to draw down on the capitalisation fund to meet the company's operational expenses including product development, and possibly providing premium support to countries, if additional donor support cannot be secured.

Consideration of various scenarios identified that a worst-case outcome will require \$6.0m funding to successfully execute the outlined activities in the Business Plan.

In terms of the breakdown of the \$6.0m:

- \$2.0m would be utilised to provide premium subsidies to countries for policies issued in FY2023/24, should the premium finance provided by Germany not be available until 2024. The premium finance may be used either to renew existing policies, or for new member countries.
- Up to \$4.0m would be utilised for operational costs and product development over the entire period of the Business Plan, should additional donor financing not be available and/or the Company's retained earnings are insufficient to meet operating costs. While the maximum cap of \$4.0m has been estimated based on anticipated costs in the different areas of operations, administration and product development, the Company wishes to retain the flexibility to access up to the \$4.0m cap to meet the costs in any of these areas.

A pertinent point that needs to be taken into account is that if the funding provided by Germany for premium finance becomes available in 2023, and should additional donor financing be sourced for a greater proportion of the Company's administrative, operational and product development costs, and/or the Company succeeds in expanding the pool of active policy members, then the amount of capital that the Company would need to access would be significantly less than the maximum cap of \$6.0m. The \$6.0m has been intentionally set on a conservative set of assumptions to avoid repeated requests to the PCRIF Council of Members for the Company to be able to access the capitalisation funds for these stated purposes.

Aside from the important financial parameters which will underpin operations, the Business Plan speaks also to the important Strategic Themes adopted to direct operational activities over the planning period. These are Regional Integration (Becoming a Pacific Islands Institution); Technical Capability (Operate Regional Open Risk Information and Underwriting Platforms); Compelling Value Proposition (Appropriate Client Management and Broader Stakeholder Expectation); Global Partnering; and, Operational Excellence. The practical outworking of these themes, as detailed in accompanying tables, highlight the work areas, activities, ownership and priority ratings, defining the character, signature and brand of PCRIC going forward.

To enable measurement of business performance against financial, thematic and other key performance indicators, a Monitoring and Evaluation Framework has been developed. Progress against KPIs will be captured on a quarterly and annual basis providing regular feedback to both the management team and Board.

A further element of the Business Plan is to ensure that PCRIC's product offering remains relevant to the market. With enhanced in-house technical capabilities and new rainfall and drought-related products on the near horizon plus enhanced capacity to develop bespoke products, there is cause for great optimism throughout the Plan period.

The Board and management team are confident that the Business Plan as described herein is fully executable and commend it to the CoM.

## Introduction

### PCRIC Business Plan July 2023 - December 2025

This Business Plan outlines PCRIC's priorities and key activities over the period July 2023 - December 2025 with its estimated budget detailed in Annex 1. This Plan follows on from the PCRIC Business Plan July 2021 - June 2023.

Following the closure of the PCRAFI project on 31 December 2022, the Plan is predicated on PCRIC covering its administrative, operational and product development expenses through a combination of underwriting and investment income, donor financing for specific activities, and a release of capital from the Company's capitalisation funds. Any positive profits earned during the cycle of the Business Plan (i.e. in years with no policy payouts) will be channeled towards the capitalisation fund to contribute towards the Company's reserves. The priorities and key activities outlined are derived from the PCRIC Strategic Plan 2021 - 25.



*Photo by Towfiq Barbhuiya from Unsplash*

To ensure value creation for the suite of products offered by PCRIC, including the recently developed excess rainfall and drought products, an underlying focus in the immediate term is to deepen stakeholder engagement with the client countries. However, the basis of underlying financials in the Business Plan is aimed at achieving a plausible path towards achieving financial sustainability.

The Strategic Plan 2021 - 2025 is the blueprint for the formulation of the Business Plan. PART I covers a brief overview of the current operational state of the company as per the Business Plan July 2021 - June 2023 including financial outlook, and PART II articulates the strategic directions of the Business Plan for the period July 2023 - December 2025.



Image supplied by Webmedia South Pacific

# Part I: Overview of Current Operational State and Financial Outlook

## Overview of Business Plan July 2021 - June 2023 Achievements

The July 2021 - June 2023 Business Plan was executed in accordance with the strategic priorities and activities required to deliver targeted outcomes articulated in the Strategic Plan 2021 – 2025. Annex 2 provides the details of the achievements to date.

## Outlook of PCRIC's Financial Trajectory

With the closure of the World Bank PCRAFI project on 31 December 2022, it is imperative to secure a tangible alternative financial option to ensure the Company succeeds in achieving the goals of the 2021 - 2025 Strategic Plan. PCRIC will access a proportion of the Company's capitalisation funds<sup>1</sup> to finance ongoing administrative, operational and product development expenses, should additional donor financing not be secured. This Business Plan outlines the key activities the Company intends to carry out to meet the goals of the 2021 - 2025 Strategic Plan, including the amount of capitalisation funds required to be released, and the corresponding financial projections for the Company over the period July 2023 - December 2025.

Based on a very forward looking and prudent assessment of PCRIC's ongoing expenses, it is estimated that up to \$6.0m will be sourced from the capitalisation fund for administrative, operational, product development expenses and premium payment support. The Company will continue to work with the donors who have contributed to the PCRAFI Multi-Donor Trust Fund (MDTF), alongside potential new donors, to secure additional financial support for operating expenses and product development, which would limit the amount of capitalisation funds required to be accessed for these purposes. The activities in this Business Plan are focussed on the Company expanding its client base, with the unveiling of two new products (excess rainfall and drought) by mid-2023, with the ultimate goal of ensuring the Company reaches financial sustainability by the end of the period of this Business Plan.

<sup>1</sup> The CoM approved in-principle approval in October 2022 to reallocate a portion of the capitalisation fund



## Projected Expenses for July 2023 - December 2025 & Proposed Funding Sources

Subject to both a top-down and bottom-up assessment of the planned activities, a detailed breakdown of costs was derived along four broad functional categories – Company administrative costs, Stakeholder Knowledge Enrichment/Enhancement & Disaster Risk Financing Training Costs, Insurance product operational costs and Product development costs. In hindsight, the cost trajectory on an annualised basis is aligned to the budget framework for the FY22/23 period. The cost drivers are premised on PCRIC improving the design of its existing products, as well as launching excess rainfall and drought products in the second half of 2023. To this end, stakeholder engagement is pivotal, so a key component of the expenditure includes a well-designed disaster risk financing technical assistance and support programme.

The projected expenditure envelope for the next 2.5 years is \$6.57m as per the table below. A detailed cost summary is included as Annex 1.

Breakdown of Costs by Activity Type					
		FY23/24	FY24/25	Jul 25 to Dec 25	Total
1	Company administrative cost	1,277,768	1,273,768	653,724	<b>3,205,259</b>
2	Stakeholder Knowledge Enrichment/Enhancement & Disaster Risk Financing Training Costs	415,000	365,000	157,500	<b>937,500</b>
3	Insurance product operational cost	476,500	640,000	376,667	<b>1,493,167</b>
4	Product development cost	645,000	180,000	105,000	<b>930,000</b>
	<b>TOTAL</b>	<b>2,814,268</b>	<b>2,458,768</b>	<b>1,292,890</b>	<b>6,565,925</b>

Sources of Funding						
		FY23/24	FY24/25	Jul 25 to Dec 25	Total	Remarks
1	Planned to be funded through underwriting income, investment income and a release of capital from the capitalisation fund	1,929,268	2,003,768	1,072,890	<b>5,005,925</b>	As PCRIC is expected to benefit from underwriting and investment income, the proposal is to request a maximum of <b>\$4m</b> to be accessed from the capitalisation fund in tranches of: - <b>\$1.75m</b> on 1 July 23 - <b>\$1.75m</b> on 1 July 24 - <b>\$0.5m</b> on 1 July 25. An additional <b>\$2m</b> is requested for premium support for client countries for FY23/24, if the premium finance provided by Germany is not available until 2024.
2	Planned to be funded through additional donor support	885,000	455,000	220,000	<b>1,560,000</b>	For all activities highlighted blue in the detailed cost breakdown provided in Annex 1, PCRIC will aim to secure additional financing from donor partners. This may be from the PCRAFI MDTF managed by the World Bank, which has already indicated it may be able to finance most of the Product Development activities. Other donors or development partners will also be approached for funding for specific activities.
<b>TOTAL</b>		<b>2,814,268</b>	<b>2,458,768</b>	<b>1,292,890</b>	<b>6,565,925</b>	

As depicted in the table above, \$1.56m or 24 percent of the expenses for the Business Plan period are earmarked to be funded through donor contributions. The most likely source of additional finance is the PCRAFI MDTF based on the positive discussions with the World Bank team. The proposed **\$6.0m** reallocation from the Company's capitalisation fund to operational and premium funding support will provide the Company with financial security during the period of consolidation, product diversification and expansion as the Company aims to achieve financial sustainability.

## Financial Projections July 2023 - December 2025

Outlined below is PCRIC's financial performance outlook for July 2023 to December 2025, along with the historical performance of the Company since its inception in 2016.

The financial projections above are based on the following assumptions regarding the take-up of insurance policies from Member Countries, and assuming an average level of insurance losses from the policies written.

	Actual						Budget	Forecast			Forecast Outturn for 2.5 years - FY23/24 to Dec 25
Profit & Loss	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	Jul 25 to Dec 25	
Gross Premium Earned	0.23	1.62	1.97	1.42	1.25	1.27	1.29	2.87	4.66	3.10	10.62
Reinsurance Premium Expensed	(0.08)	(0.56)	(0.86)	(0.74)	(0.74)	(0.79)	(0.83)	(1.42)	(2.02)	(1.22)	(4.66)
<b>Net Premium Income</b>	<b>0.15</b>	<b>1.06</b>	<b>1.11</b>	<b>0.68</b>	<b>0.51</b>	<b>0.49</b>	<b>0.46</b>	<b>1.45</b>	<b>2.64</b>	<b>1.87</b>	<b>5.96</b>
Net average Claim Expense		(3.00)		(1.25)			(0.12)	(1.10)	(1.98)	(1.40)	(4.47)
<b>Underwriting Profit</b>	<b>0.15</b>	<b>(1.94)</b>	<b>1.11</b>	<b>(0.57)</b>	<b>0.51</b>	<b>0.49</b>	0.35	<b>0.35</b>	<b>0.66</b>	<b>0.48</b>	<b>1.49</b>
Dividend Income (Cash)					0.026	0.08	0.66	0.67	0.68	0.35	1.70
Interest Income (Cash)	0.01	0.06	0.15	0.23	0.002	0.00					
Unrealized Investment gain/loss (Non Cash)					0.18	(1.41)	0.39	0.40	0.41	0.22	1.03
<b>Net Investment Result</b>	<b>0.01</b>	<b>0.06</b>	<b>0.15</b>	<b>0.23</b>	<b>0.21</b>	<b>(1.33)</b>	<b>1.05</b>	<b>1.07</b>	<b>1.09</b>	<b>0.57</b>	<b>2.73</b>

	Actual						Budget	Forecast			Forecast Outturn for 2.5 years - FY23/24 to Dec 25
Profit & Loss	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	Jul 25 to Dec 25	
<b>Total Income</b>	<b>0.16</b>	<b>(1.88)</b>	<b>1.26</b>	<b>(0.34)</b>	<b>0.72</b>	<b>(0.84)</b>	<b>1.40</b>	<b>1.42</b>	<b>1.75</b>	<b>1.05</b>	<b>4.22</b>
Non Grant Funded Operational Expenses	0.00	(0.02)	(0.14)	(0.57)	(0.19)	(0.42)	(0.84)				
MDTF Grant Income for capitalisation	6.00	12.00			2.00						
DFID Grant Income for capitalisation		6.13	1.64								
MDTF Grant Income for establishment and operations	0.11	0.52	0.56	0.19	0.67	0.61	0.88				
Establishment and operational expenses	(0.11)	(0.52)	(0.56)	(0.19)	(0.67)	(0.61)	(0.88)				
MDTF Grant Income for Development of Disaster Risk Insurance Products					0.08	0.15	0.92				
Development of Disaster Risk Insurance Products Expense					(0.08)	(0.15)	(0.92)				
MDTF Grant Income for Monitoring and Evaluation					0.09	0.04	0.11				
Monitoring and Evaluation expenses					(0.09)	(0.04)	(0.11)				
<i>Entity Administrative Cost</i>								(1.28)	(1.27)	(0.65)	(3.21)

	Actual						Budget	Forecast			Forecast Outturn for 2.5 years - FY23/24 to Dec 25
Profit & Loss	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	Jul 25 to Dec 25	
<i>Stakeholder Knowledge Enrichment/ Enhancement &amp; Disaster Risk Financing Training Costs</i>								(0.42)	(0.37)	(0.16)	(0.94)
<i>Insurance product operational cost</i>								(0.48)	(0.64)	(0.38)	(1.49)
<i>Product development cost</i>								(0.65)	(0.18)	(0.11)	(0.93)
<b>To be funded through MDTF TA or donor funds</b>								0.89	0.46	0.22	1.56
<b>Surplus/loss</b>	<b>6.16</b>	<b>16.23</b>	<b>2.76</b>	<b>(0.91)</b>	<b>2.54</b>	<b>(1.26)</b>	<b>0.56</b>	<b>(0.51)</b>	<b>(0.26)</b>	<b>(0.03)</b>	<b>(0.79)</b>

### Assumptions for 'Base Case' Financial Projections

- Premium support for countries: German funds.** €10 million funding support from the German Government was pledged in 2021, €9 million of which was to assist PCRIF Member Countries with their payment of insurance premiums. While at the time of writing these funds are yet to be released from the PCRAFI MDTF, this Business Plan is formed on the assumption that PCRIF Member Countries will be able to access these funds for policies starting from July 2023 onwards, and these funds will be fully utilised over the period of the Business Plan. It is assumed that each country can access US\$500,000 in premium support per year, initially making a US\$100,000 co-payment from their national budget, rising by US\$10,000 each year. This level of the country's contribution is in-line with the current policies.
- Premium support for countries: United Nations (UN) World Food Program (WFP).** PCRIC is in discussions with WFP

regarding the potential for WFP to either provide up to US\$2.0m in ‘top-up’ finance for country premiums (effectively an additional premium subsidy) or taking ‘replica policies’ themselves. The base case assumes that this potential financing will not be available, although this financing is considered in more optimistic scenarios.

3. **Premium support for countries: International Development Association (IDA).** Currently, Samoa and Tonga benefit from premium finance through IDA. It is assumed that there is no renewal of IDA financing for premiums, and this arrangement is effectively replaced by the German funds.
4. **Cook Islands:** Previously were unable to access premium finance as they are a non-member country of the World Bank. It is assumed that the Cook Islands can however access the premium finance pledged by Germany (as this arrangement is not administered by the World Bank), and so the Cook Islands would be able to benefit from premium finance the same as other countries going forward.
5. **Fiji:** Fiji joins as a new client to take a TC policy in 2023 for a premium of US\$1.25m. The Base Case assumes this policy is renewed in 2024 for a premium of \$1.5m, and renewed again in 2025 for a premium of \$1.75m.
6. **Excess rainfall:** One country joins in 2024, and an additional country joins in 2025.
7. **Drought:** One country joins in 2023 (expected to be RMI), an additional country joins in 2024 and a third country joins in 2025.
8. **Reinsurance:** PCRIC will continue to purchase reinsurance from approximately the 1-in-5-year aggregate up to approximately the 1-in-500-year aggregate loss across the portfolio of policies.

Tabulated below is the snapshot of the projected financial status of PCRIC for the period of the Business Plan as of 31 December 2025.

	Actual						Budget	Projected		
Balance Sheet	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	July 25 to Dec 25
<b>EQUITY</b>										
Share capital	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Retained earning (Grant Income)	6.00	22.40	24.59	24.25	26.52	26.59	26.59	26.59	26.59	26.59
Retained earning	0.16	0.00	0.56	0.00	0.27	(1.07)	(0.51)	(1.02)	(1.28)	(1.30)

	Actual						Budget	Projected		
Balance Sheet	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	July 25 to Dec 25
<b>TOTAL EQUITY ASSETS</b>	<b>6.26</b>	<b>22.50</b>	<b>25.25</b>	<b>24.35</b>	<b>26.88</b>	<b>25.62</b>	<b>26.18</b>	<b>25.67</b>	<b>25.41</b>	<b>25.39</b>
Investments	-	21.16	16.70	3.98	26.44	25.06	25.45	25.85	25.56	25.78
Cash	6.88	2.56	9.80	21.41	1.33	1.35	0.88	0.47	0.92	3.05
Other Assets	0.00	0.29	0.32	0.25	0.29	0.29	0.28	0.57	0.66	2.15
<b>TOTAL ASSETS LIABILITIES</b>	<b>6.88</b>	<b>24.02</b>	<b>26.82</b>	<b>25.63</b>	<b>28.06</b>	<b>26.71</b>	<b>26.61</b>	<b>26.89</b>	<b>27.13</b>	<b>30.98</b>
Claims Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Liabilities	0.62	1.52	1.57	1.28	1.17	1.09	0.43	1.22	1.72	5.59
<b>TOTAL LIABILITIES</b>	<b>0.62</b>	<b>1.52</b>	<b>1.57</b>	<b>1.28</b>	<b>1.17</b>	<b>1.09</b>	<b>0.43</b>	<b>1.22</b>	<b>1.72</b>	<b>5.59</b>
<b>NET ASSETS</b>	<b>6.26</b>	<b>22.50</b>	<b>25.25</b>	<b>24.35</b>	<b>26.88</b>	<b>25.62</b>	<b>26.18</b>	<b>25.67</b>	<b>25.41</b>	<b>25.39</b>

## Pessimistic Scenario and Rationale for the \$6.0m Request

In determining the amount of capital that may be required to be accessed over the period of the Business Plan to continue the Company's operations and meet the objectives of the Strategic Plan, the Company has considered a more pessimistic scenario in which:

- The premium finance provided by Germany is not available until 2024, meaning that PCRIC must provide subsidies to existing policyholders for 2023 in order for the Company to continue operations. Should the German finance not be available and the Company cannot provide premium support, and assuming that Fiji does not become an active policyholder in 2023, the only policyholder would be the Cook Islands with a premium of \$100k, which is not sufficient for the Company to remain operational. The Company is therefore requesting the ability to access up to \$2.0m for premium finance for the 2023/24 underwriting year should the finance from Germany not become available in 2023.
- Fiji delay purchasing a policy until the 2024/25 underwriting year.
- Despite the availability of premium finance in 2024/25, in this scenario the Company is unable to sell an excess rainfall policy until 2025/26.

Under this scenario, net underwriting profit is expected to reduce by \$0.75m over the period of the Business Plan, although the Company would also see a reduction in operational costs of \$0.3m as costs associated with issuing the new drought and excess rainfall policies are not required in 2023/24 and there are fewer policies sold over the period compared to the Base Case.

Based on this scenario, the Company is requesting a maximum of **\$6.0m** of the Company's capital to be accessed over the period of the Business Plan, made up of **\$2.0m** to be accessed for premium finance in 2023/24 should the premium finance provided by Germany not be available until 2024, and **\$4.0m** to be accessed for operational costs and product development over the entire period of the Business Plan should donor financing not be secured for a portion of costs. This amount also includes a small contingency of \$0.17m for unforeseen expenses.

- (A) Base case shortfall = **\$1.82m<sup>2</sup>**
- (B) Downward adjustment of underwriting profit = **\$0.75m**
- (C) Reduction in operating costs from writing fewer policies = **\$0.3m**
- (D) Additional product development costs if donor contribution is unavailable = **\$1.56m**
- (E) Premium finance for underwriting year 23/24 if the German finance is unavailable = **\$2.0m**
- (F) Contingency for unforeseen expenses = **\$0.17m**

Maximum allowable cap to be sourced through capitalisation funds, including investment income if required = (A) + (B) - (C) + (D) + (E) + (F) = **\$6.0m**

Should the German finance be available in 2023, and should additional donor financing be sourced for a greater proportion of the Company's administrative, operational and product development costs, and/or the Company succeeds in expanding the pool of active policy members as per the Base Case assumptions, then the amount of capital that the Company would access would be significantly less than the maximum cap of \$6.0m.

<sup>2</sup> \$1.82m Base cash shortfall is derived by adding back non-cash receipts associated with unrealized investment gain of \$1.03m to the cumulative P&L loss for the next 2.5 years of \$0.79m



## Part II: Business Plan July 2023 - December 2025

This Business Plan covers the period from July 2023 to December 2025. The Plan is presented below and is organised to help PCRIC achieve the goals of its Strategic Plan 2021 - 2025, as articulated in the diagram underneath. Under each Strategic theme, Business Plan activities are organised around key indicators and include timeframes and responsibilities of team members (the service providers) to allocate activities under their core areas of responsibility.



## Strategic Theme #1: Regional Integration - Becoming a Pacific Islands Institution

Principles Framing Business Plan Implementation Deliverables Listed in Table 1

Work Areas	Activities
Pacific Region Engagement	<ul style="list-style-type: none"> <li>• PCRIC will continue to participate in regional platforms or be a member of regional mechanisms to offer capacity development for disaster risk management in the region through joint missions with the PIFS and other stakeholders coordinating Technical Assistance programs that will strengthen DRF initiatives in the region.</li> <li>• With its observer status in the FEMM, PCRIC will continue to assist PIFS in the drafting of the disaster risk financing paper to be tabled in FEMM meetings.</li> <li>• PCRIC will continue to work in collaboration with the FRDP PRP Working groups in implementing the requirements of the FRDP.</li> </ul>
Country/Client Engagement	<ul style="list-style-type: none"> <li>• Strengthen relationships with member and non-member countries to better understand their DRF requirements and offer technical assistance where knowledge is limited.</li> <li>• PCRIC will continue to undertake face-to-face interaction with FICs to deepen and broaden collaboration/engagement that will ensure PCRIC is recognised as a regional institution.</li> <li>• With the introduction of the excess rainfall and drought products, PCRIC will undertake more in-country visits to create awareness on the same and increase membership.</li> </ul>
Broader Sectoral Engagement	<ul style="list-style-type: none"> <li>• With the approval of the segregated cell regulations, PCRIC will participate in dialogues with state-owned entities (SOEs), private sector, NGOs and CSOs, noting that they are potential end-users of PCRIC products.</li> </ul>
PCRIF/PCRIC Ambassador Programme	<ul style="list-style-type: none"> <li>• With the ongoing need to interact with member and non-member countries, PCRIC champions will continue to be identified at policy/political level with each member and non-member country to assist with promoting the products and services that PCRIC offers.</li> <li>• Through its partnership with USP, PCRIC will continue its internship program to build future regional champions through education to elevate PCRIC's visibility at tertiary level.</li> <li>• PCRIC recognises the importance of building DRF capacity in the region and will continue to pursue the launching of the post-graduate scholarship program to build local technical capacity in the areas of DRFI and policy or related fields.</li> </ul>

**Table 1: Key Activities for Strategic Theme #1 and Management & Service Providers with Key Responsibilities**

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Pacific Region Engagement	Continue to liaise and coordinate with PIFS in meeting CROP membership requirements.	Obtain membership as a CROP agency to strengthen political mileage in the region.	December 2023	Regional Coordinator CEO	High	Low
	Participate in FEMM Meetings	Recognising the critical role of the support of PIFS to the growth and further visibility of PCRIC in the region.	July 2023 to June 2025	Regional Coordinator CEO Communications Firm	Medium	Low
	Develop MoU to formalise the partnership with SPC and SPREP.	This integration strengthens PCRIC's relevance in the regional architecture and also supports the product development through risk data sharing.	December 2023	Regional Coordinator CEO	High	Low
	Participate in the Disaster Risk Finance Technical Working Group.	Using regional platforms to strengthen DRFI technical assistance needs of member countries.	July 2023 to December 2025	Regional Coordinator CEO	High	Medium
	Utilising partnership with USP to build DRF capacity in the region.	Coordinate with the World Bank through its DRF TA work program.	July 2023 to December 2025	Regional Coordinator PCRIC Partners	High	Medium

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Country/Client Engagement	Undertake face-to-face country outreach programs with member and non-member FICs.	Organise outreach with member and non-member FICs to enhance visibility, increase interaction, build political support and increase membership.	July 2023 to December 2025	Regional Coordinator CEO	High	High
		Obtain country DRFI technical assistance requirements to inform capacity building programs targeted to strengthen DRFI knowledge in the region.	July 2023 to December 2024	Regional Coordinator PCRIC Partners	High	High
		Plan and organise DRFI-related workshops and conferences for member and non-member FICs.	July 2023 to December 2025	Regional Coordinator CEO	High	Medium
Broader Sectoral Engagement	Develop a concept/program to host or co-host a regional workshop on DRFI and to include SOEs, private sector, NGOs.	Explore the possibility of co-hosting regional events with other relevant stakeholders that will contribute towards strengthening DRFI in the region.	July 2023 to December 2025	CEO Regional Coordinator Communications Firm	Medium	Medium
	Discuss with the SOEs, private sector, NGOs and CSOs on the products and services that PCRIC offers.	Pursue dialogue with the state-owned enterprises (SOEs), private sector, NGOs and CSOs to explore the potential of increasing PCRIC membership through the segregated cell structure.	July 2023 to December 2025	CEO Regional Coordinator	Medium	Low

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
PCRIF/PCRIC Ambassador Programme	Formalise the PCRIC Internship program with USP	Build future regional champions through education to create PCRIC's visibility at tertiary level.	July 2023 to December 2023	CEO Regional Coordinator	Medium	Low
	Launch the scholarship for post-graduate students in the PICs.	This is to build local technical capacity in the areas of DRFI and policy or related fields.	July 2023 to December 2025	CEO Regional Coordinator Technical Resources	Medium	Low
	Develop a joint TA program with PIFS	Use PIFS convening power to coordinate and facilitate capacity building in the FICs to strengthen DRFI.	July 2023 to December 2025	CEO Regional Coordinator	High	High

## Strategic Theme #2: Technical Capability - Operate Regional Open Risk Information and Underwriting Platforms

Principles Framing Business Plan Implementation Deliverables Listed in Table 2

Work Areas	Activities
Segregated Cell Architecture	<ul style="list-style-type: none"> <li>With the repeal of the PCRIF Act and replaced with the new PCRIF Act 2021 to restructure PCRIC into a Segregated Portfolio Company achieved, the company will now work with the Cook Islands Financial Supervisory Commission (FSC) to ensure that the new Regulations and relevant Company policy documents are developed, such that the Company is regulated as a Segregated Portfolio Company, allowing for a broader range of products to be offered by PCRIC to Member Countries.</li> </ul>
Product Development Roadmap	<ul style="list-style-type: none"> <li>PCRIC will outline a comprehensive set of activities to ensure the Company continues to offer disaster risk finance products which offer value for money and robust performance to assist Member Countries in managing their financial risk from disasters. This includes working closely with Member Countries, donors and technical partners to ensure products are fit-for-purpose, and to better understand potential opportunities for new products which meet the needs of Member Countries.</li> </ul>

Work Areas	Activities
Product Development - Insurance	<ul style="list-style-type: none"> <li>• PCRIC will continue to play a leading role in building financial resilience against disaster risks in Member Countries and more broadly across the Pacific region. The review of the existing catastrophe model has indicated the shortcomings of the existing products, and as such, the Company will work towards restructuring its tropical cyclone and earthquake products to ensure they remain appropriate and robust for supporting immediate post-disaster response activities.</li> <li>• Significant work has been conducted to broaden the Company's range of products, and the new excess rainfall and drought products will be launched in 2023. The Company must ensure that these new products, alongside the restructuring of the existing products, are integrated and complementary, and are well-understood by Member Countries.</li> <li>• PCRIC recognises that risk transfer and its parametric insurance products will continue to play a key role in climate change adaptation and will help advance the Forum Leaders' ambition of making the Pacific a more resilient region in the world. PCRIC continues to support existing and potential new Member Countries in their efforts to purchase new policies or increase their coverage level of existing policies.</li> </ul>
Product Maintenance, Operations, and Utilisation of a Risk Analytics Platform	<ul style="list-style-type: none"> <li>• PCRIC will ensure that all products operate as intended, providing countries with effective disaster risk finance products to build their financial resilience against disaster events.</li> <li>• Following the development of a risk analytics platform over 2022 based on the existing catastrophe model, PCRIC will work to ensure Member Countries and development partners are able to access the platform for broader disaster management and risk-financing analytics.</li> <li>• PCRIC will also review the most efficient approach to maintaining related hazard models and operational insurance products across its entire product set.</li> </ul>
Product Development – Non - Insurance	<ul style="list-style-type: none"> <li>• PCRIC recognises that to help countries achieve comprehensive financial protection against disasters, insurance products must be combined with other types of financial instruments. PCRIC is committed to helping countries build a greater level of resilience to all kinds of disaster risks, and will therefore work with donors and development partners to explore options for products beyond the parametric insurance products the Company has offered to date.</li> </ul>
Technical Assistance Programme	<ul style="list-style-type: none"> <li>• There is an ongoing need for PCRIC to play a key role in assisting countries to better understand parametric insurance, disaster risk financing and how PCRIC fits into their comprehensive disaster management and fiscal policy framework. With the closure of the PCRAFI Project, there is no specific funding available to PCRIC for providing TA to countries, although PCRIC has allocated budget within specific product development activities to engage with countries to ensure products are well understood and designed to meet the needs of Member Countries.</li> <li>• As part of its country outreach, PCRIC will continue to gather disaster risk financing (DRF) capacity building and technical assistance requirements to inform the DRF training programs that are to be conducted by the company or in collaboration with its partners.</li> <li>• PCRIC recognises the need to build the regional DRF capacities of the future leaders of the region and is committed to continuing its internship program again with the University of the South Pacific. PCRIC also intends to offer post-graduate scholarships in the future in areas such as disaster risk management/reduction/resilience, actuarial studies, disaster risk analysis, hazard modelling, etc.</li> </ul>

**Table 2: Key Activities for Strategic Theme #2 and Management & Service Providers with Key Responsibilities**

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Segregated Cell Architecture	Ensure new Regulations are drafted and are fit-for-purpose	It is expected that the Cook Islands Parliament will direct NZ Crown Law to assist in the drafting of the new Regulations that will apply to PCRIC as a Segregated Cell Company. PCRIC will provide inputs into this process to ensure the Regulations are fit-for-purpose and PCRIC is able to adhere to the requirements.	July 2023 to July 2024	CEO Legal Counsel Technical Specialist - Product & Actuarial	High	Medium
	Develop all relevant Company policies and establish control functions as required by the new Regulations.	The WB is providing TA to PCRIC in developing the Capital Solvency Framework which will apply to the Company under the new Regulations. The WB is also providing TA in drafting the Governance Framework, while the UK Government Actuary's Department (GAD), in collaboration with CPD are providing an independent review of these Company policies.	July 2023 to July 2024	CEO Legal Counsel Technical Specialist - Product & Actuarial	High	Medium
Product Development Roadmap	Develop a Product Review Framework to ensure ongoing fitness for purpose & value for money across all PCRIC products.	<p>Following the review of the existing catastrophe models over 2022, PCRIC has recognised the need for continuous assessment and development of its modelling, risk assessment and products / policies offered.</p> <p>Such an assessment should be designed to ensure PCRIC products and understanding of risks in the region remain current and fit-for-purpose.</p> <p>This work should leverage relevant external partnerships and expertise (including academics) to address key challenges relevant to PCRIC products, such as the impact of climate change on catastrophe risk.</p>	Ongoing / Annual Review	Technical Specialist - Catastrophe Risk Technical Specialist - Product & Actuarial	Medium	Medium

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Product Development - Insurance	Finalize and Launch Excess Rainfall Product	<p>PCRIC, in partnership with JBA, are in the final stages of developing a stochastic excess rainfall model for the region. This model can be used to design robust excess rainfall insurance products for any country in the region.</p> <p>Launching these policies will require close country engagement and marketing of policies to country specific needs.</p>	July 2023 to November 2023	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p> <p>Regional Coordinator</p>	High	High
	Finalize and Launch Drought Product	<p>PCRIC, in partnership with WTW, have developed a drought modelling framework which can be applied to design a drought insurance product for any country in the region.</p> <p>To be effective, drought insurance must align with country specific drought impacts and existing drought management practices.</p> <p>Launching a drought product will require close country engagement, careful marketing and tailoring of policies to country specific characteristics and needs.</p>	July 2023 to November 2023	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p> <p>Regional Coordinator</p>	High	High



Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
	Migrate Tropical Cyclone Product to 'People Impacted' Model.	<p>Following the review of the existing catastrophe models over 2022, PCRIC have determined that existing TC &amp; EQ policies should be redesigned based on the population impacted (and a per-person response cost), rather than a modelled loss based on building damages.</p> <p>This will reduce country/policy holder basis risk and provide a product that is more aligned with PCRIC's objective of covering immediate emergency response costs incurred following a natural disaster.</p> <p>Project will include:</p> <ul style="list-style-type: none"> <li>▶ The technical product design and risk modelling.</li> <li>▶ Marketing and country engagement on product redesign.</li> <li>▶ Change management from existing policies.</li> </ul>	July 2023 to November 2024	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	Medium

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
	Migrate Earthquake Product to 'People Impacted' Model	<p>Following the review of the existing catastrophe model over 2022, PCRIC have determined that existing TC &amp; EQ policies should be redesigned based on the population impacted (and a per-person response cost), rather than a modelled loss based on building damages.</p> <p>This will reduce country/policy holder basis risk and provide a product that is more aligned with PCRIC's objective of covering immediate emergency response costs incurred following a natural disaster.</p> <p>Project will include:</p> <ul style="list-style-type: none"> <li>▶ The technical product design and risk modelling.</li> <li>▶ Marketing and country engagement on product redesign.</li> <li>▶ Change management from existing policies.</li> </ul>	July 2023 to November 2024	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	Medium
	Develop Analytical Capabilities to support innovative applications of existing products.	Develop in-house capabilities to respond to the expected demand for alternative products or innovative applications of existing products as PCRIC's profile in the region grows.	Ongoing	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	Medium	Medium

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Product Maintenance, Operations, and Utilisation of a Risk Analytics Platform	Ensure that all products operate as intended and remain relevant for Member Countries.	<p>Ensure that high-quality risk analysis is performed, calculation agent protocols are established, policy wording and all contractual agreements are fit-for-purpose.</p> <p>Conduct analysis to understand the correlation between perils and countries in light of the new products offered, to ensure PCRIC can manage the volatility of loss experienced as product set and policy numbers increase.</p>	Ongoing / July 2023 to December 2023	<p>CEO</p> <p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	Medium
	Maintain PCRIC RiskScape Platform as a DRF tool for the region.	<p>The PCRIC RiskScape Platform (developed in partnership with GNS) is designed as a public good for the region, allowing access to risk information across the whole region.</p> <p>The platform supports the current generation models used with PCRIC parametric insurance policies.</p> <p>Development of RiskScape platform to extend its use-cases will support continued availability of existing and future risk information in the region.</p>	July 2023 to December 2023 / Ongoing	Technical Specialist - Catastrophe Risk	Low	Medium
	Operationalise PCRIC Excess Rainfall Insurance Products	<p>Activities required to fully operationalise an Excess Rainfall Insurance Product:</p> <ul style="list-style-type: none"> <li>▶ Establish a rainfall monitoring framework.</li> <li>▶ Select calculation agent and design protocols.</li> <li>▶ Develop Policy Wording.</li> <li>▶ Establish a model/policy review and update process.</li> <li>▶ Establish non-policy holder event response process.</li> </ul>	July 2023 to November 2023	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	High

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
	Operationalise PCRIC Drought Insurance Products	<p>Activities required to fully operationalise a Drought Insurance Product:</p> <ul style="list-style-type: none"> <li>▶ Establish a drought monitoring framework.</li> <li>▶ Select calculation agent and design protocols.</li> <li>▶ Develop Policy Wording.</li> <li>▶ Establish a model/policy review and update process.</li> <li>▶ Establish non-policy holder event response process.</li> </ul>	July 2023 to November 2023	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	High
	Operationalise the redesigned PCRIC Tropical Cyclone Insurance Products.	<p>Activities required to fully operationalise a redesigned Tropical Cyclone Product:</p> <ul style="list-style-type: none"> <li>▶ Select calculation agent and design protocols.</li> <li>▶ Develop Policy Wording.</li> <li>▶ Establish a model/policy review and update process.</li> <li>▶ Establish non-policy holder event response process.</li> </ul>	July 2023 to November 2024	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	High
	Operationalise the redesigned PCRIC Earthquake Insurance Products.	<p>Activities required to fully operationalise a redesigned Earthquake Product:</p> <ul style="list-style-type: none"> <li>▶ Select calculation agent and design protocols.</li> <li>▶ Develop Policy Wording.</li> <li>▶ Establish a model/policy review and update process.</li> <li>▶ Establish non-policy holder event response process.</li> </ul>	July 2023 to November 2024	<p>Technical Specialist - Catastrophe Risk</p> <p>Technical Specialist - Product &amp; Actuarial</p>	High	High

Work Area	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Product Development – Non - Insurance	Investigate potential opportunities with donors or development partners for non-insurance DRF solutions, such as contingent savings.	Engage donors and development partners on PCRIC hosting a non-insurance DRF solution such as contingent savings in a segregated cell of the Company, resulting in a clear business case and implementation plan if required.	July 2023 to July 2024	CEO Technical Specialist - Product & Actuarial	Medium	Low
Technical Assistance Program	Explore potential opportunities with partners for the development of updated Country Risk Profiles for PCRIC member and non-member countries.	Collaborate with relevant partners in sharing updated hazard data, risk information and developing updated Country Profiles.	July 2023 to December 2024	CEO Technical Specialist - Product & Actuarial Technical Specialist - Catastrophe Risk Regional Coordinator	Medium	Medium



Image by Kiribati Government

### Strategic Theme #3: Compelling Value Proposition - Appropriate Client Management and Broader Stakeholder Expectation

Principles Framing Business Plan Implementation Deliverables Listed in Table 3

Work Areas	Activities
Building the Value Proposition	<ul style="list-style-type: none"> <li>• Leverage on the two new products (excess rainfall and drought) to reach new clients and deepen the existing client base.</li> <li>• Repositioning PCRIC to offer parametric products to third parties, especially international organisations such as WFP.</li> </ul>
Business Planning and Budgeting	<ul style="list-style-type: none"> <li>• Development of cost and benefit analysis paper on changing/transitioning to new or hybrid modelling approach.</li> <li>• Updated procurement proposal to support the maintenance of new and existing products.</li> </ul>
Monitoring and Evaluation	<ul style="list-style-type: none"> <li>• Conduct Reporting for the Company in-line with the agreed to M&amp;E framework indicators.</li> <li>• M&amp;E capacity building and technical assistance</li> <li>• Monitoring and implementation of the M&amp;E framework</li> <li>• M&amp;E systems and tools development</li> <li>• Learning and adaptive management initiatives</li> <li>• M&amp;E technical assistance and technical support</li> </ul>
Addressing Critical Expectations	<ul style="list-style-type: none"> <li>• PCRIC needs to be on a financially sustainable path as the timeline of the Business Plan draws to an end.</li> <li>• Product offering of PCRIC needs to minimise basis risk therefore an agile and responsive approach needs to be adopted for the modelling method that suits a particular client country.</li> </ul>
Marketing and Communications	<ul style="list-style-type: none"> <li>• Development of a forward-looking marketing and communication strategy will provide proper guidance on activities to support PCRIC's effort to market and communicate the company's offerings to PICs.</li> </ul>

**Table 3: Key Activities for Strategic Theme #3 and Management & Service Providers with Key Responsibilities**

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Building the Value Proposition	Embed the salient features of the new products in the DRF technical training planned for the region.	PCRIC conducts a very structured DRF technical training in the region.	Ongoing	CEO Regional Coordinator	High	Medium
Business Planning and Budgeting	An analytical paper on the cost and benefits of changing/transitioning to new or hybrid modelling approach.	There are plans to transit to people impacted approach from the existing modelled loss method. This is aimed at reducing any perceived basis risk.	September 2023	Finance & Planning Manager Hazard Modeller	High	Low
	Update the procurement plan to include maintenance related cost for the products offered.	Given the suite of insurance products developed by PCRIC, it is critical to update these products on a periodic basis.	September 2023	Finance & Planning Manager Hazard Modeller	High	High
Monitoring and Evaluation	Conduct Reporting for the Company in-line with the agreed M&E framework indicators.	PCRIC will conduct periodic progressive reporting to assess performance against a set of M&E indicators agreed to as part of the Business Plan. This will involve the development of quarterly reports, bi-annual reports, annual reports and post-event payout reports per year of the Business Plan.	As required	M&E Specialist CEO	High	Medium
	M&E capacity building	This will involve conducting an M&E needs assessment and developing a fit-for-purpose capacity building program for PCRIC, partners and countries as a value-add proposition by PCRIC to countries. The capacity building and technical support will involve training, workshops, coaching and mentoring on M&E concepts, tools, frameworks and application of M&E in practice.	June 2024	M&E Specialist Regional Coordinator CEO	High	Medium

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
	Monitoring and implementation of the M&E framework	This will involve periodic review of the PCRIC M&E framework and template in-line with the changing operating context and Company priorities. The support will also involve thematic reviews and assessment of topical areas of interest or concern for the Company.	As required	M&E Specialist CEO	Medium	Medium
	M&E systems and tools development	PCRIC will develop guidelines and templates for seasonal monitoring and reporting and train PCRIC and partners to use them. This will also involve creating an M&E resource on the PCRIC website that partners and countries can access and use the M&E resources provided.	As required	M&E Specialist Communications Team	High	Medium
	Learning and adaptive management initiatives	To enhance organisational learning, PCRIC will conduct reflection and learning meetings and workshops with PCRIC staff and partners to share key achievements, lessons learned, adaptive strategies and areas of improvement.  This will involve collaborations and exchanges between PCRIC and PICs as a means of sharing progress and mutual learning. The lessons learned and success stories will be collated and shared within PCRIC and across the region.	As required	M&E Specialist Regional Coordinator Communications Team	Medium	Medium



Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
	M&E technical assistance and technical support	This will involve providing M&E technical support and advisory work as assigned by the CEO and Board. This will include developing M&E sections of the PCRIC proposal through the development of the theories of change and the results framework.	As required	M&E Specialist CEO Regional Coordinator	High	Low
Addressing Critical Expectations	Continue discussions with Stakeholders to ensure alignment of expectations.	Regular discussions with all stakeholders to ensure alignment of expectations and activities to support financial sustainability and value proposition of the Company.	Ongoing	CEO Finance & Planning Manager	High	Low
Marketing and Communications	Redesign communication and marketing strategies based on lessons learned over the period in which PCRIC has formally engaged a marketing and communications services provider.	These are strategies that will articulate activities that PCRIC will conduct to bolster its regional footprint.	October 2023	Communications Team PCRIC Team	High	High
	Raising awareness of PCRIC and gaining greater uptake of PCRIC products and services by both member and non-member nations.	This is to instil a better understanding of PCRIC's spectrum of products with the client countries.	Ongoing	CEO Communications Team Technical Resources	High	Low

## Strategic Theme #4: Global Partnering

Principles Framing Business Plan Implementation Deliverables Listed in Table 4

Work Areas	Activities
Premium Funding Approach	<ul style="list-style-type: none"> <li>Strategically explore options to seek more premium funding support for PICs noting their tight fiscal position due to the cataclysmic impact of COVID-19 on their overall economic ecosystem.</li> </ul>
Development and Programme Partnership	<ul style="list-style-type: none"> <li>With the positive momentum PCRIC has built to strengthen partnership with donors, other risk pool facilities, regional and international organisations, it will strive to deepen and widen this collaboration to advance common goals related to resilience and sustainability.</li> </ul>
Network for Collaboration and Influence	<ul style="list-style-type: none"> <li>PCRIC will actively explore options to work with partners with whom it has signed an MoU on how best it can identify disaster risk financing initiatives that will add value to PICs.</li> <li>PCRIC can also act as a catalyst to undertake research and development and bring to the FICs useful, innovative products and services that have been successfully trialled elsewhere.</li> <li>PCRIC will work together with other Risk Pools to collectively give voice to issues of common interest at international fora such as the COP 28 summit.</li> </ul>

**Table 4: Key Activities for Strategic Theme #4 and Management & Service Providers with Key Responsibilities**

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Donor Engagement	Actively seek opportunity to meet or have an audience with all potential donors (inside and outside CoM) such as AIFFP, ADB, NZ, Australia to elevate the DRF agenda and bolster the relationship and build synergies.	Ensure that donors are well acquainted with the challenges encountered by PICs and areas of priority and opportunities to partner.	Ongoing	CEO Finance & Planning Manager	High	Low
OECD Application for Annex 2 Recognition	Actively pursue the application for PCRIC to be recognised as OECD Annex 2 members.	Request Germany to consider re-lodging the OECD application in 2023 supporting PCRIC's application.	Ongoing	CEO Legal Advisor	High	Low

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity
Premium Funding Approach	Develop premium financing strategy and fund-raising proposal for ongoing support to FICs.	Augmenting premium support funding is critical given PICs' weak balance sheet.	Ongoing	Premium Financing Specialist CEO Finance & Planning Manager	High	Medium
Development and Programme Partnership	Donor MoU approach	Review and development of a framework for improved engagement with donors and securing financial and non-financial support related to future project concepts (new products, new channels, technical assistance).	July 2023 to December 2024	Legal Advisor	Medium	Low
Network for Collaboration and Influence	Engagement with other risk pools (CCRIF, ARC, SEADRIF) and regional sovereigns.  Implement the signed MoU with the Risk Pools during COP27 in Egypt.	Focussed engagement with other risk pools to elevate pertinent systemic issues they are grappling with and sharing of best practise and learnings and strengthen opportunities for global cooperation.	Ongoing	CEO Finance & Planning Manager Regional Coordinator	High	Medium
	Deepen Network for Collaboration	Proactively explore opportunities for strengthening PCRIC's networks across insurance, development and hazard modelling industries to ensure access to global support and learning.  Key potential partners include the Insurance Development Forum (IDF) and Global Risk Modelling Alliance (GRMA) as well as public sector teams within the global (re)insurance community (i.e. Aon, WTW, Gallaghers, etc).  Continue engagement with existing partners such as Insuresilient Global Partner etc.	Ongoing	CEO  Regional Coordinator  Finance & Planning Manager	High   High	Medium   Medium

## Strategic Theme #5: Operational Excellence

Principles Framing Business Plan Implementation Deliverables Listed in Table 5

Work Areas	Activities
CEO, Staff and Director's Recruitment / Induction / Development / Retention	<ul style="list-style-type: none"> <li>It is critical for PCRIC to build the capacity to ensure efficient and effective operational management. A very structured training programme will be developed with a key focus on identifying the skills gap in the organisation. Periodic reporting of PCRIC's performance is vital and will allow for any course correction if required. It will help maintain a tight focus on the execution of deliverables with the overarching objective of reaching long-term sustainability. It will also help ensure the entity is safeguarded against any material risk(s).</li> </ul>
Governance	<ul style="list-style-type: none"> <li>A sound and credible governance framework is key to maintain full accountability and transparency with all members and stakeholders. PCRIC will continue to ensure that the principles of transparency and accountability for business management are integrated at all levels of decision-making and into business planning and control systems.</li> </ul>
Company Policy	<ul style="list-style-type: none"> <li>PCRIC will uphold current management and procedural processes and continue to assess the areas where process/procedural improvement is required. This is to ensure robust internal control, minimise any business disruptions and foster an environment of continuous improvement.</li> </ul>
Capital Management	<ul style="list-style-type: none"> <li>Periodic reports (Progress, Financial and Annual Report) will be provided to its stakeholders.</li> <li>PCRIC will continue to ensure that all investment decisions are aligned to SIPO and a very cautious and risk sensitive stance is taken.</li> </ul>

**Table 5: Key Activities for Strategic Theme #5 and Management & Service Providers with Key Responsibilities**

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost/Complexity
CEO, Staff and Director's Recruitment / Induction / Development / Retention	A structured, need based training programme will be prepared.	Harnessing the skill base of PCRIC is critical to ensure efficient and effective service delivery.	December 2023	CEO	High	Medium
	Appoint an Office Manager to support the Company's administrative operation.	Establishment of a comprehensive administrative function to support the business.	December 2023	CEO	Medium	Low

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost/ Complexity
Governance	Thorough review of the existing operational manual and procedure.	Assess the changes (if any) required to incorporate segregated cell structures and strengthen company policy and procedures across key operational areas.	March 2024	CEO Finance & Planning Manager Legal Advisor	High	Medium
	CoM meetings	Prepare for the CoM meetings	October 2023, April 2024 and October 2024, April 2025, October 2025	BoD CEO Legal Advisor PCRIC Team	High	Low
	Board meetings	Prepare for the Board meetings	All meetings	BoD CEO Legal Advisor PCRIC Team	High	Low
Company Policy	Prepare the company's financial statement and undertake required audits.	This is for FY2022/23, FY2023/24 and FY2024/25	Four months after the end of the reporting period.	Finance & Planning Manager Insurance Manager Auditors	High	High
	Appoint a Risk Manager to review and implement the Risk Management Framework / system and active management of the risk register.	Development of a TOR for RMF establishment which will be guided by the process of the review, monitoring the execution of the RMS and updating the RR to ensure that PCRIC is self-mitigating risks.	July 2023 - December 2023	CEO Finance and Planning Manager	High	Medium
	Periodic review of all service providers' contracts will be undertaken with all documentations filed and uploaded to the system.	Delivery of planned procurement plan	Ongoing	CEO  Finance & Planning Manager	High	Low

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost/ Complexity
Capital Management	Ascertain the dollar value of capitalisation funds that will be channelled towards PCRIC's operational expenses.	Capitalisation proceeds will be used for managing PCRIC's operation	July 2023	CEO Investment Advisor Finance & Planning Manager	High	Low
	Optimise the return on investment with consideration of risk and return.	The yield on investment is a palatable source of revenue, but prudent portfolio management is critical.	Ongoing	CEO Investment Advisor	High	High
	Review of Governance Model	Review of PCRIF and PCRIC Governance Models to ensure effective decision-making and alignment between CoM, BoD and other stakeholders and integration of segregated cell structures.	July 2023 to December 2023	BoD CEO Legal Advisor Finance and Planning Manager	Medium	Medium

# PCRIC Performance Measures - Indicators and Targets

## About this M&E Framework

This document is the Monitoring and Evaluation framework (hereby referred to as the M&E framework) for PCRIC. The purpose of the M&E framework is to provide a clear approach to collecting and analysing information for reporting on and learning from PCRIC's activities and interventions as outlined in the Business Plan.

The M&E framework has been developed using a utilisation-focused approach, bringing together PCRIC's theory of change, resources, and capabilities with standards for monitoring and evaluation.

The PCRIC M&E framework is based on three tiers of evidence and accountability:

- i. Monitoring of the implementation of the Business Plan and financial reporting
- ii. Monitoring reach of outputs, and outcomes and key achievements in annual reporting
- iii. Evaluation of intermediate and end-of-term outcomes at the end of the Business Plan in December 2025.

The M&E framework is considered a 'living document' that will be reviewed and updated at regular intervals depending on changing contexts and needs of the Company.

## Key terms and definitions

Term	Definition and how they apply to this M&E framework
<b>Strategic Themes</b>	These are the thematic areas and work areas to help PCRIC achieve the goals of its Strategic Plan. <sup>3</sup> PCRIC indicators are aligned to these strategic themes to help measure the progress of the themes over time.
<b>Indicators</b>	A sign that progress or change is taking place. It is something we can measure and track as data. Indicators can be at output or outcome level and can measure process as well as results. For this Business Plan, a total of 19 indicators have been selected measuring both outputs and outcomes across 5 strategic themes.
<b>Unit</b>	This is the qualitative or quantitative unit of measurement of the indicators. The indicators in the M&E framework are either numbers, amounts or Yes/No.

<sup>3</sup> The five strategic themes for PCRIC are: Regional Integration; Technical Capability; Compelling Value Proposition; Global Partnering; and Operational Excellence.

Term	Definition and how they apply to this M&E framework
<b>Baseline</b>	This is the value of an indicator before the implementation of projects or activities. The baseline year for this framework is June 2023 reflecting the value of the indicators as of June 2023.
<b>Target</b>	A target is the specific, planned level of result to be achieved within an explicit timeframe. Indicator targets for this M&E framework are to be achieved by December 2025 when the current phase of the Business Plan comes to an end.

### Reporting of the M&E Framework

Reporting of the M&E framework indicators will be done quarterly, semi-annually, and annually and led by the M&E Specialist with support from the CEO and the management team. Quarterly reports will focus on key activities and outputs achieved in-line with the strategic themes while annual reporting will focus on the key outcomes achieved, lessons learned and forward planning. The reports submitted to the CEO and the Board will help assess progress and show areas in which PCRIC is doing well while also outlining areas that are challenging and require adjustments.



Image from iStock



## The M&E Framework

PCRIC Strategic Themes	Indicators	Unit	Baseline (June - 2023)	Target (December - 2025)
<b>Regional Integration - Becoming a Pacific Islands Institution</b>	<b>Indicator 1:</b> Number of country outreach programs held with PCRIC members and non-member countries	Number	3	10
	<b>Indicator 2:</b> Number of regional workshops on DRF hosted, co-hosted, or attended by PCRIC with partners	Number	3	8
	<b>Indicator 3:</b> PCRIC Internship program with USP and the scholarship program for post-graduate students in PICs launched and implemented	Yes/No	No	Yes
	<b>Indicator 4:</b> Joint Disaster Risk Financing Technical Assistance program with PIFS developed and implemented	Yes/No	No	Yes
	<b>Indicator 5:</b> Number of new countries purchasing insurance per season	Number	3	7
	<b>Indicator 6:</b> PCRIC is able to provide premium finance for countries	Yes/No	No	Yes
<b>Technical Capability - Operate Regional Open Risk Information and Underwriting Platforms</b>	<b>Indicator 7:</b> All relevant Company policies developed, and control functions established as required by the new FSC Regulations for PCRIC to operate as a Segregated Portfolio Company	Yes/No	No	Yes
	<b>Indicator 8:</b> Number of Excess Rainfall and Drought products policies sold	Number	0	3
	<b>Indicator 9:</b> Redesigned Tropical Cyclone and Earthquake Product models operationalised and migrated to the 'people impacted model'	Yes/No	No	Yes
	<b>Indicator 10:</b> Number of non-insurance products/solutions developed	Number	0	1
	<b>Indicator 11:</b> PCRIC developed risk models are available as DRF tools for the region	Yes/No	No	Yes
	<b>Indicator 12:</b> Updated Country Risk Profiles for PCRIC member and non-member countries developed with partners for all hazards for which PCRIC offer products	Yes/No	No	Yes

PCRIC Strategic Themes	Indicators	Unit	Baseline (June - 2023)	Target (December - 2025)
<b>Compelling Value Proposition - Appropriate Client Management and Broader Stakeholder Expectation</b>	<b>Indicator 13:</b> Monitoring and evaluation conducted	Yes/No	Yes	Yes
	<b>Indicator 14:</b> Evidence of enhanced visibility of PCRIC due to strategic marketing and communication	Yes/No	Yes	Yes
<b>Global Partnering</b>	<b>Indicator 15:</b> Number of PCRIC funding proposals developed and funds secured	Number	0	5
	<b>Indicator 16:</b> Evidence of closer engagement with other risk pools, regional sovereigns, and global partners in the DRF space	Yes/No	No	Yes
<b>Operational Excellence</b>	<b>Indicator 17:</b> PCRIC makes a full insurance payout within 30 days of the occurrence of a covered (insured) event	Yes/No	Yes	Yes
	<b>Indicator 18:</b> The Company has a projected surplus for FY25/26 after allowing for average expected claims expense, reinsurance recoveries, and investment income on a best estimate basis	Yes/No	No	Yes
	<b>Indicator 19:</b> Investment income above 2.0% annually	Yes/No	Yes	Yes

## Marketing and Communications Strategy

The marketing and communications strategy for the period of the Business Plan (7/23-12/25) is informed by the original Marketing and Communications Strategy provided to PCRIC in 2021; the recently produced Completion Report; the (5) Five Strategic Themes that form the foundation upon which this Business Plan is based; and the lessons learned over the period in which PCRIC has formally engaged a marketing and communications services provider.

### Market Positioning:

With the end of financial support via the World Bank PCRAFI program, PCRIC now stands at a significant crossroad in terms of its sustainability as an enterprise. Opportunities evident in the new operating environment require PCRIC to adopt a transformative approach and boost the value proposition presented to the market through greater flexibility, agility and responsiveness. This will be led by the inclusion of new excess rainfall and drought products in 2023, with the possibility of further market developments via the take-up of PCRIC products by third parties such as the World Food Programme.

The significant investment in visibility and marketing activities made in the past two years has been markedly successful in elevating



*Image by the Government of Samoa-DMONEOC*

the profile of the business both regionally and globally. Solid working relationships with many of the key players in the DRF space have been developed and the capacity for premium subsidisation has been established. More recently, the nation of Fiji has provided the strongest possible indication of obtaining a policy soon, with this gesture expected to be received as a significant vote of confidence in PCRIC across the region encouraging others to follow suit. With the ambition of developing further products and services over the period of the Business Plan, PCRIC is now well positioned to leverage the solid foundation of visibility and market recognition and push forward with great optimism and capability to secure a larger share of the DRF market in the region.

### **Marketing and Communications – The Way Ahead**

Whilst marketing goals remain the same as first articulated in 2021, PCRIC recognises the imperative of setting in place an array of strategies which help deepen stakeholder engagement throughout the region. Such strategies will help address:

1. The need to ensure existing client countries continue to support PCRIC with ongoing purchases of insurance products.
2. The need to win the confidence and support of additional regional nations, demonstrated by the purchase of insurance products.
3. The necessity of securing the buy-in and support of additional donors to both enlarge the pool of funds available for policy premium subsidisation, and assist with fully covering operating costs.
4. The need to engage more persuasively than ever before with the market with the ambition of repositioning PCRIC as a key DRF provider of choice.

To enable market development and communications activities to be better informed and more finely attuned to target audiences, PCRIC will boost efforts to gather critical intelligence on the decision drivers in the market and exactly what it will take for decision-makers to promote, support and commit to pro-PCRIC budgetary decisions.

The necessity of adopting a different approach to market development and communications is well-recognised. PCRIC will reorient annual marketing and communications activities and in the Business Plan, have reduced planned expenditure to half that of previous budgets. Activities previously undertaken will be foregone or down-scaled in favour of those which matter most to the achievement of marketing goals and strategic objectives. This new approach will reflect:

1. a rethink of the range of services and support that are requested of the communications firm so that scarce budget resources are reserved for those tasks and outputs which matter most to the fundamentals of securing additional clients and additional donor support,
2. a determination of the value of participation in various regional / global events to the business fundamentals of gaining additional client and donor support by considering what tangible / measurable outcomes beyond “visibility” are achieved in these events and activities that can’t be achieved through other planned stakeholder engagement activities,

3. a tighter focus on fewer and more heavily invested efforts in those activities which provide opportunity to clarify the real decision drivers and trigger points, which in turn helps present a more customised value proposition, and greater prospects of a tangible product commitment,
4. acknowledgement that a durable balance between the necessity for collegiate engagement with DRF providers across the region, and the necessity for PCRIC to secure a greater proportion of the region's overall spend on DRF initiatives must be attained. As all DRF providers endeavour to optimise their presence in niche segments of the insurance market, PCRIC's ambition is to become widely recognised as the premier parametric insurance provider in the region, particularly in the sovereign market space. A concerted effort will be required of PCRIC to establish itself pre-eminently in the minds of national decision-makers when choosing where they expend their modest DRF budgets.

Given the situation as described, it is imperative that the modest Marketing and Communications budget is utilised to maximum effect. Key factors influencing the proposed approach include:

1. PCRIC will persistently engage with influencers and decision-makers in existing client nations to ensure they are fully primed to renew policies or take out additional coverage.



*Image by the Palau National Emergency Management Office*

2. PCRIC will persuasively court decision-makers in prospective new client countries and secure commitments to insurance product purchases.
3. PCRIC will be able to present a truly compelling value proposition to client countries and donors in its efforts to attract support for the business case upon which its operations are predicated.
4. PCRIC will make every effort to expedite launch of new products as this will open up new demand and add to the overall value proposition on offer.
5. The mix of public relations spend will see a move toward a greater investment in boosted social media activities and away from traditional print / generic press releases. There will be fewer and more targeted press releases issued into only select markets / publications.
6. This greater reliance on social media brings with it greater brand exposure. The PCRIC brand has to be both perceived and experienced by the market as more attractive, more confident, more compelling than the other options. PCRIC market ambitions will be more readily achieved when the PCRIC “voice” becomes the preferred voice to whom influencers and decision-makers want to listen. To achieve this, PCRIC will embark on a process of elevating the effectiveness of audience engagement through a mix of enhanced presentation context and ambience, and investment in presentation skill development. Complementing this will be the use of outsourced talent for select communication activities.

The revised approach to market development and communications will be regarded as successful when PCRIC can demonstrate it has secured a greater share of the regional DRF budget.

## Marketing and Communications Workplan

The following table provides background to the planned activities over the lifecycle of the Business Plan.

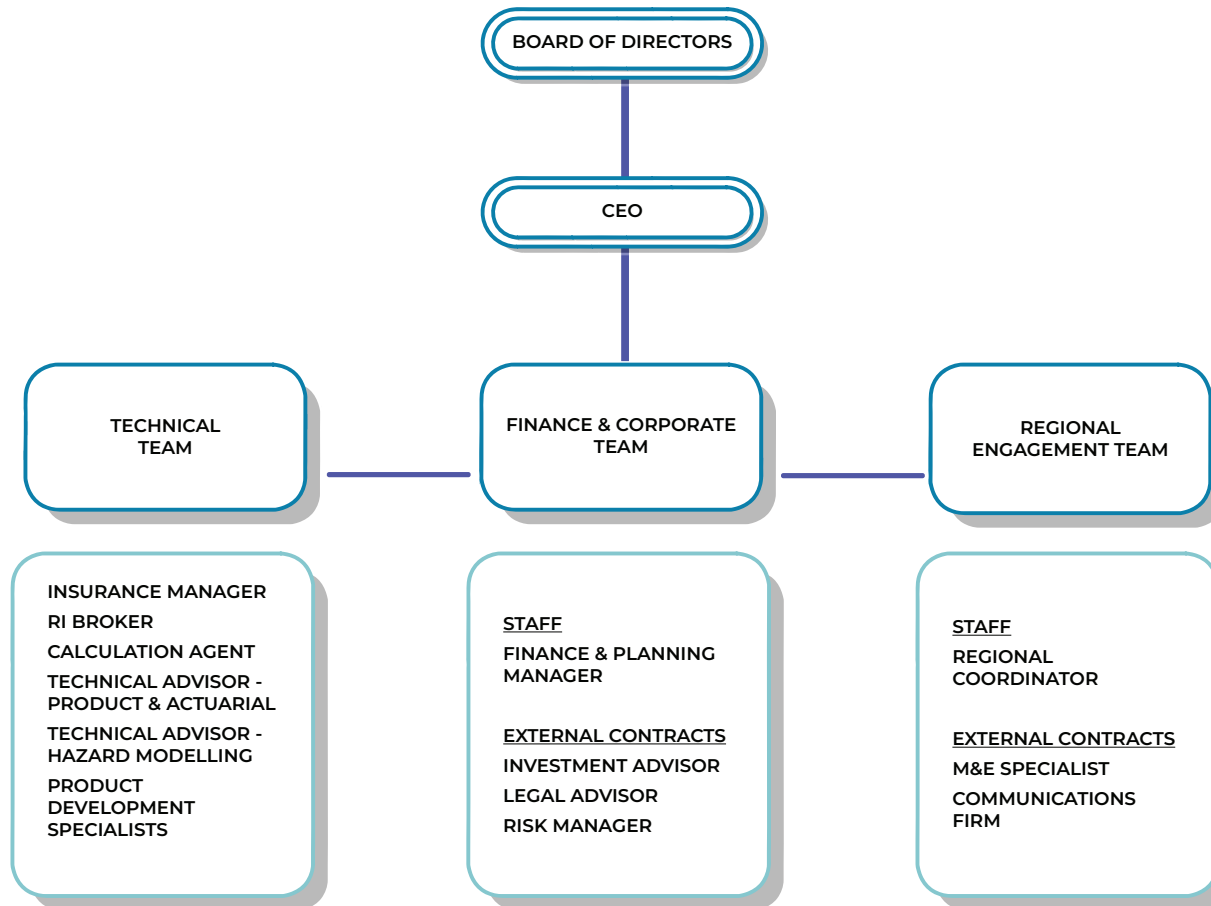
Activity	Yr. 1	Yr. 2	Yr. 3
<b>Short Infomercial / Promo Videos</b>	A critical contributor to Social Media content and imprinting PCRIC Brand. Preferred format for messaging in terms of value / impact / influence. In-house production to minimise cost. Target of 2 videos per quarter. Subject matter to include: One (1) PCRIC quarterly summary including PCRIC's progress in global partnering and initiatives etc, One (1) value proposition and/or new product summary. May include a refresh of previous videos where appropriate.	An increase over previous year reflects further growth in use of this medium, plus the possibility of cost increases. Subject matter to include: Update on PCRIC (Annual Report in 5 minutes); Possible technical / educational content, quarterly summary including PCRIC's progress in global partnering and initiatives etc, value proposition and/or new product information.	Continuation of Yr.2 themes and refinements of what is working best.
<b>Social Media Posts</b>	<b>The 'core' Comms platform.</b> Reach to be expanded via "boosting". Target of 4 posts per month.	Refinement of SM posts based on reach, impact and engagement. Reach to be expanded via "boosting". Continuing to produce a target of 4 posts per month.	Further refinement of SM posts based on reach, impact and engagement. "Boosting" budget to be increased to gain wider footprint. Continuing to produce a target of 4 posts per month.
<b>Press Releases</b>	PRs to be selective and highly targeted – limited 'broadcast' regional PRs (not picked up by local media). PCRIC must allocate additional funds for paid placement for high-value strategic announcements. Require more photos to support PRs.	Near elimination of regional PRs to be replaced by localised PRs to specific nations with local quotes, contact details and local benefits in order to gain any genuine traction and media coverage in the individual countries targeted.	Further refinement of contacts and quote provider influencers in order to ensure localised traction. Better to have 3 PRs for 3 countries with 3 countries gaining coverage than regional submissions with no coverage anywhere.

Activity	Yr. 1	Yr. 2	Yr. 3
<b>New Product Support</b>	A significant commitment in 2023 to support 2 new to market products. Collateral and launch to be prepared and approved well ahead of time. Highly targeted “push” to countries most relevant / likely to take up policy.	Ongoing push of new products, but at a lower level of intensity as they are by now recognised in the market.	Allowance for support costs related to possible new initiatives / concepts to be explored with the market.
<b>Resilience Risk Pools</b>	Continued focus on event promotion, regular website updates and social media updates, and occasional joint programming. COP support will also be required.	Resilience Risk Pools continues to remain a priority as the regions unite for greater exposure and leverage, especially for the build-up to the annual COP side-event.	Resilience Risk Pools continues to remain a priority as the regions unite for greater exposure and leverage, especially at the annual COP side-event.
<b>COP28 + Additional Risk Pool</b>	M&C Budget accommodates support for 1 only larger global / regional event. Collaborative participation with other risk pool entities in COP28 is regarded as the single most significant global / regional event to attend in terms of visibility, PR and stakeholder engagement for 2023.	Increasing weight per year is added to the COP side-event as contacts, network and influence grow with donors and stakeholders.	Increasing weight per year is added to the COP side-event as contacts, network and influence grows with donors and stakeholders.
<b>All Other Support (Business Plan, E-News, Other Ad Hoc Elements)</b>	As required	As required	As required



## Operational Structure of the Company

A key focus for PCRIC has been to build regional talent. The recruitment of a Pacific Islands CEO and two full-time staff knowledgeable about the Pacific has been embedded in the organisational structure of the entity. With the lack of technical specialists in the Pacific, external firms and individuals are engaged as time-based service providers, whether in a form of consultancy or firm arrangements. PCRIC intends to maintain a very streamlined and lean organisational structure going forward. Looking ahead, PCRIC intends to recruit a Risk Manager to constantly keep track of the existing/perceived risks and design appropriate mitigation and safeguards plans/measures.



## Annex 1

**Table 1: Projected Expense Summary & Procurement Activities**

Projected Expenses for the Period July 2023 to December 2025					
	Activity Name	FY23/24	FY24/25	Jul'25 to Dec'25	Total
<b>Company Administrative Cost</b>					
1	Directors Fees	80,000	80,000	40,000	<b>200,000</b>
2	Board Travel	50,000	50,000	25,000	<b>125,000</b>
3	CEO Emolument (salary and benefits)	192,000	182,000	91,000	<b>465,000</b>
4	<b>Technical Advisor:</b> Investment Advisor	17,500	17,500	8,750	<b>43,750</b>
5	Insurance Management Firm	120,000	120,000	60,000	<b>300,000</b>
6	Resident Director	31,800	31,800	15,900	<b>79,500</b>
7	<b>Technical Advisor:</b> International Public Law & PCRIF Secretariat	20,000	20,000	10,000	<b>50,000</b>
8	Legal Counsel	40,000	40,000	20,000	<b>100,000</b>
9	<b>Technical Advisor:</b> M&E Expert	50,000	50,000	25,000	<b>125,000</b>
10	Communications & Marketing Firm	70,000	70,000	35,000	<b>175,000</b>
11	Company Audit	50,000	50,000	25,000	<b>125,000</b>
12	Finance & Planning Manager	135,000	125,000	62,500	<b>322,500</b>
13	Risk Manager	70,000	70,000	35,000	<b>175,000</b>
14	Regional Coordinator	110,000	110,000	55,000	<b>275,000</b>
15	Office Manager	-	30,000	15,000	<b>45,000</b>
16	Website Maintenance	3,680	3,680	3,680	<b>11,040</b>
17	<b>Technical Advisor:</b> Premium Financing Strategy	20,000	-	-	<b>20,000</b>
18	Bank Fees	7,000	7,000	3,500	<b>17,500</b>
19	License Fees	3,000	3,000	1,500	<b>7,500</b>
20	D&O/Travel Insurance	37,788	37,788	18,894	<b>94,469</b>

**Projected Expenses for the Period July 2023 to December 2025**

	<b>Activity Name</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>Jul'25 to Dec'25</b>	<b>Total</b>
21	Office Rental & Administration Cost	-	6,000	3,000	<b>9,000</b>
22	<b>Technical Advisor:</b> Catastrophe Risk Modeller	85,000	85,000	50,000	<b>220,000</b>
23	<b>Technical Advisor:</b> Product & Actuarial	85,000	85,000	50,000	<b>220,000</b>
<b>Stakeholder Knowledge Enrichment/Enhancement &amp; Disaster Risk Financing Training Costs</b>					
24	Stakeholder Engagement Cost	150,000	100,000	50,000	<b>300,000</b>
25	TA program including development and hosting of regional conferences / workshops	250,000	250,000	100,000	<b>600,000</b>
26	Scholarship, Internship Programme	15,000	15,000	7,500	<b>37,500</b>

	<b>Insurance Product Operational Cost</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>Jul'25 to Dec'25</b>	<b>Total</b>	<b>Remarks</b>
27	Tropical Cyclone (TC): Risk analysis and Calculation Agent fees	62,833	75,000	54,167	<b>192,000</b>	<b>TC Policies:</b> includes all costs associated with maintaining and executing the in-force policies. Calculation Agent mobilisation fee, risk analysis to update the policies each year. Cost will scale with the number of policies taken up.
28	Earthquake (EQ): Risk analysis and Calculation Agent fees	67,833	75,000	54,167	<b>197,000</b>	<b>EQ Policies:</b> includes all costs associated with maintaining and executing the in-force policies. Calculation Agent mobilisation fee, risk analysis to update the policies each year. Cost will scale with the number of policies taken up.
29	Excess Rainfall (XSR): Monitoring, risk analysis and Calculation Agent fees	66,667	133,333	75,000	<b>275,000</b>	<b>Future XSR Policies:</b> includes all costs associated with maintaining and executing the in-force policies. Calculation Agent mobilisation fee, risk analysis to update the policies each year. Cost will scale with the number of policies taken up. Note XSR will require a bespoke monitoring system to track the occurrence of events not required for TC and EQ policies, hence the greater estimated cost compared to TC & EQ.

	Insurance Product Operational Cost	FY23/24	FY24/25	Jul'25 to Dec'25	Total	Remarks
30	Drought: Monitoring, Risk Analysis and Calculation Agent Fees	66,667	133,333	75,000	<b>275,000</b>	<b>Future Drought Policies:</b> includes all costs associated with maintaining and executing the in-force policies. Calculation Agent mobilisation fee, risk analysis to update the policies each year. Cost will scale with the number of policies taken up. Note XSR will require a bespoke monitoring system to track the occurrence of events not required for TC and EQ policies, hence the greater estimated cost compared to TC & EQ.
31	Non-policy Holder Event Response Support	25,000	25,000	15,000	<b>65,000</b>	Additional budget to support analysis by modelling partners or additional support from either the Technical Advisor - Product & Actuarial or Catastrophe Risk Modelling expert to develop analysis for disaster events impacting non-policy holder countries. This will support country outreach and marketing / sales activities following the occurrence of events.
32	Product Maintenance / Risk Information: RiskScape Platform	100,000	50,000	25,000	<b>175,000</b>	The project undertaken with RiskScape in 2022 delivered updated Risk Profiles and Exposure Data for the region as well as a new software platform allowing an updated version of the AIR modelled loss to be viewed. This platform effectively replaces the original PCRAFI DataViewer tool developed in 2011. The GNS/RiskScape PCRIC Platform/Project is potentially a valuable public good for the region, allowing public access to risk information across the whole region for purposes beyond the parametric insurance policies issued by PCRIC. This cost covers the maintenance and hosting fees associated with keeping the platform 'live' as well as continued development of the platform to extend its uses and features, and will support continued availability of building, infrastructure and crop damage risk profiles for PCRIC or other third-party use.
33	Reinsurance Brokerage	87,500	148,333	78,333	<b>314,167</b>	Brokerage for placing reinsurance: - For 2023, this is expected to be \$55k for the renewal of TC and EQ policies (in-line with historical fees), plus \$50k for a new excess rainfall policy and \$50k for a new drought policy. - For 2024, it is assumed TC and EQ policies will take a new structure and will be placed with excess rainfall, all for \$120k, while drought will continue to be \$50k. - For 2025, it is assumed TC, EQ and excess rainfall policies can be placed at a slightly cheaper cost of \$100k and drought will continue to be \$50k.

	Product Development Cost	FY23/24	FY24/25	Jul'25 to Dec'25	Total	Remarks
34	Tropical Cyclone & Earthquake: Product Re-design, Policy Structuring & Contract Wording	150,000	50,000		<b>200,000</b>	<p>Following the review of the existing catastrophe model over 2022, in particular the projects that evaluated the key modelling assumptions &amp; basis risk of the existing policies, WTW made a clear recommendation that PCRIC should update the structure of the existing TC &amp; EQ policies to be based on population impacted and a per-person response cost, rather than a modelled loss based on building damages. The objective of re-designing the products in this way is to reduce basis risk and provide a product that is more aligned with the goal of providing payouts for emergency response costs.</p> <p>In addition to new risk modelling for both TC &amp; EQ (items 34 &amp; 35), this activity will focus on analysis, inform the design of the new policy / contract wording, and general support for PCRIC to transition from a modelled loss to a people impacted approach, including the communication of this to countries.</p>
35	Tropical Cyclone: Risk Modelling	100,000			<b>100,000</b>	<p>Potentially a sub-contract of item 33, this activity will procure (or licence for use within the product redesign) a stochastic <b>tropical cyclone</b> hazard event catalogue capable of generating people impacted risk profiles. The activity will include the analytical work to develop those profiles as well as (potentially, subject to permission from AIR worldwide) reanalysing our existing stochastic model event set on the same basis (to allow direct comparison between prior modelled loss and new people impacted).</p>
36	Earthquake: Risk Modelling	100,000			<b>100,000</b>	<p>Potentially a sub-contract of item 33, this activity will procure (or licence for use within the product redesign) a stochastic <b>earthquake</b> hazard event catalogue capable of generating people impacted risk profiles. The activity will include the analytical work to develop those profiles as well as (potentially, subject to permission from AIR worldwide) reanalysing our existing stochastic model event set on the same basis (to allow direct comparison between prior modelled loss and new people impacted).</p>
37	Excess Rainfall: Product Finalisation	85,000			<b>85,000</b>	<p>This is the cost of completion of the contract that is currently in force between PCRIC and JBA. The remaining work will deliver Risk Profiles and a finalised product design for Excess Rainfall and allow PCRIC to offer policies to countries in 2023.</p>

	Product Development Cost	FY23/24	FY24/25	Jul'25 to Dec'25	Total	Remarks
38	Drought: Tailoring of Product to Individual Countries	100,000	80,000	80,000	<b>260,000</b>	During 2022, WTW delivered a drought modelling framework which can be applied to design a drought insurance product for any country in the region. The principle conclusion of this project was that for successful drought products to be designed for countries in the region, PCRIC must take a highly individual and bespoke approach and perform policy structuring and analysis for each country individually, in order to align the policy with both expected drought impacts and existing drought management protocols within any given country. This activity therefore covers the design and tailoring of country specific drought products to individual PICs. The costs have been estimated at design and structuring for 1 PIC per year and cover the structuring agents' time as well as travel expenses. The costs in FY 23/24 are slightly higher due to the additional work to develop policy wording, which can be leveraged for future policies.
39	Portfolio Management: Loss Correlation Analysis	60,000			<b>60,000</b>	This work is a PCRIC-specific piece of research to understand the correlation between perils and countries in light of the new products offered, to ensure PCRIC can manage the volatility of loss experienced as product set and policy numbers increase. The climate and the occurrence of natural weather-related disasters (TC, flood and droughts) in the Pacific is heavily influenced by the phase of the El Nino Southern Oscillation (one of the dominant modes of climate variability for the world). It is critical for PCRIC to understand the implication of this natural climate variability on its product offering as it grows beyond the current limited number of policies.
40	Bespoke Product Analysis	50,000	50,000	25,000	<b>125,000</b>	Additional budget to support analysis by modelling partners or additional support from either the Technical Advisor - Product & Actuarial or Catastrophe Risk Modelling expert to design and develop new applications of the existing suite of products as opportunities arise, such as the recent opportunity with PNGDataCo.
	<b>TOTAL</b>	<b>2,814,268</b>	<b>2,458,768</b>	<b>1,292,890</b>	<b>6,565,925</b>	

*\*Items colour coded in light blue are planned to be financed through donor support.*

## Annex 2

# Synopsis of PCRIC Operations Over July 2021 to June 2023 - Mapped to Strategic Plan Themes

This table below provides an overview of the main activities progressed under each of the five Strategic Themes over the period July 2021 to June 2023 in reference to the previous PCRIC Business Plan.

### Strategic Theme #1: Regional Integration - Becoming a Pacific Islands Institution

Principles Framing Business Plan Implementation Deliverables Listed in Table 1

Work Areas	Activities	Update on the Deliverables
Pacific Region Engagement	<ul style="list-style-type: none"> <li>▶ Engaging with FICs will require PCRIC to utilise effective communication products and tools, both online as well as face-to-face. In terms of online communication, PCRIC will utilise digital platforms and ensure that the website and other social media instruments are dynamic and up-to-date, providing FICs with the latest development and information. PCRIC will continue to issue knowledge-based products to provide relevant information to FICs that are easy to read and have clear messaging on what the company is offering. These will be centred around the subject areas relating to disaster risk, risk transfer solutions and climate change, as well as organising capacity building initiatives as a means of facilitating and promoting informed decision-making by FICs. This will provide a positive opportunity for PCRIC to grow its membership (refer Annex 8).</li> <li>▶ In addition to direct engagement with FICs, building a network within the region with regional organisations and other key stakeholders will allow PCRIC to access experience and expertise which can serve the company's various needs. The roll-out of the internship program with the University of the South Pacific will help PCRIC's current efforts to increase brand awareness and potentially identify a national champion among these students, many of whom will be future leaders in the region.</li> <li>▶ PCRIC continues to participate or be a member of any regional mechanisms established to offer capacity development for disaster risk management in the region. To do this, PCRIC is planning to work with PIFS in coordinating a TA programme to offer capacity building on DRF initiatives.</li> <li>▶ PCRIC continues to work with the FRDP PRP Risk Finance Working Group in collaborating on the implementation of the Framework for Resilient Development in the Pacific (FRDP).</li> </ul>	<ul style="list-style-type: none"> <li>▶ A PCRIC website is in place and this is updated regularly with knowledge products and latest events that included PCRIC participation.</li> <li>▶ Four knowledge products have been developed and shared with stakeholders and these are also available on the website.</li> <li>▶ In supporting disaster risk finance in the region, PCRIC has become an active member of the Disaster Risk Finance Technical Working Group mandated by FEMM. This group focuses on strengthening financial protection in the region. PCRIC's membership of the DRFTWG has facilitated increased visibility amongst the FICs.</li> <li>▶ To support the implementation of its Technical Assistance Strategy, PCRIC has also increased its visibility through participation as panellists in some of the PIFS-led DRF Virtual Learning Episodes and other regionally organised DRF workshops, including the regional debt conference organised by ESCAP and PIFS in 2022.</li> <li>▶ PCRIC participated in a joint mission to Tonga with the Pacific Islands Forum Secretariat (PIFS) and the United Nations Capital Development Fund (UNCDF) in 2022 to organise a DRF Workshop to promote the product and services that PCRIC offers for the region. PCRIC participated in the Expert Group Meeting on Pacific Perspective 2022: Accelerating Climate Actions that was held in October 2022 organised by ESCAP.</li> <li>▶ Apart from direct engagements with the FICs, PCRIC has also secured partnerships with two regional organisations i.e., the Pacific Islands Forum Secretariat (2021) and the University of the South Pacific (2022). Preliminary discussions have also commenced with the Secretariat of the Pacific Community (SPC) and the South Pacific Regional Environmental Program (SPREP).</li> <li>▶ PCRIC launched its internship program in 2022 with USP. Ten students were shortlisted for their DRF-related research proposal. The top three teams of two presented their research papers to the Board. Certificates of Participation were officially presented by the CEO, with monetary rewards funded personally by Timothy Nielander, PCRIC's legal advisor.</li> </ul>

Work Areas	Activities	Update on the Deliverables
Country/Client Engagement	<ul style="list-style-type: none"> <li>▶ Under this strategic theme, PCRIC will seek to strengthen relations with its members and potential members and seek to enrich their experiences with PCRIC. This will not only cultivate higher levels of trust, but will promote member engagement, member retention, and member satisfaction.</li> <li>▶ Strengthening relationships with FICs (participating and non-participating) will also enable PCRIC to better understand their needs and enable the company to meet and exceed their expectations. Recognising the importance of PCRIC joining the CROP Agency, FEMM July 2021, granted the Company Observer status for annual FEMM conferences<sup>4</sup>. This allows PCRIC to participate in the decision-making process about DRF needs of the FICs and importantly, to allow the sharing of the latest developments with officials and leaders.</li> <li>▶ Face-to-face interactions with FICs is critical as PCRIC seeks to strengthen relationships and deepen and broaden engagement. PCRIC will engage in-country visits and host meetings with FICs to discuss their disaster risk finance and insurance needs, and to also participate in workshops and conferences to support their risk financing agendas.</li> </ul>	<ul style="list-style-type: none"> <li>▶ PCRIC carried out in-country outreach in 2022 to Tonga, Fiji, Kiribati, Republic of the Marshall Islands and the Cook Islands. An out of country face-to-face meeting was also undertaken with Samoa. This was an ongoing conversation on existing arrangements, premium financing under IDA and other modalities and building technical capacity, including new products. A virtual consultation was held with the Solomon Islands Ministry of Finance officials on the product offering of PCRIC and how it can assist with the country's DRF agenda.</li> <li>▶ As a result of the country outreach with Fiji, in November, 2022 the Government formally responded in a highly positive manner stating interest in purchasing a policy providing cover for tropical cyclones in the November 2023 / October 2024 season, subject to completion of approval processes.</li> <li>▶ Discussions were also held with government representatives from Niue in August, 2022 on potential products that could be beneficial to their tourism sector. It is planned to continue this exploratory dialogue during 2023.</li> <li>▶ A meeting was held with the PNG Deputy Head of the Treasury department to consider buying a policy from PCRIC. This is an ongoing dialogue which will continue in 2023.</li> </ul>
Broader Sectoral Engagement	<ul style="list-style-type: none"> <li>▶ After FEMM approves PCRIC observer membership, PCRIC will participate in private sector dialogue to create engagement arrangement with private sectors, NGOs or CSOs noting they are potential end-users of PCRIC's products.</li> </ul>	<ul style="list-style-type: none"> <li>▶ PCRIC was formally elevated to Observer status at FEMM in 2021. In this capacity, it has attended meetings in 2021 and 2022.</li> <li>▶ PCRIC is also an active member of the DRF TWG, which is tasked to provide policy advice to the FEMM on DRF initiatives for the region. In 2022, PCRIC participated in the drafting of the DRF paper that was tabled to the FEMM in 2022.</li> <li>▶ A state-owned entity (PNG Data Company) in one of the FICs is in consultation with PCRIC to explore the possibility of insuring their internet infrastructure.</li> <li>▶ Tonga has indicated its interest in insuring its public asset. This is a potential business area which PCRIC will actively pursue during the BP period.</li> </ul>

<sup>4</sup> PCRIC will seek enter into a formal partnership with other regional organisations such as the Pacific Community (SPC), Secretariat of the Pacific Regional Environment Programme (SPREP) and Pacific Climate Change Centre (PCCC) to name a few. While the formalisation of such partnership will take some time, PCRIC will continue to work with them to advance common goals and to reduce existing vulnerabilities in the FICs



Work Areas	Activities	Update on the Deliverables
PCRIF/PCRIC Ambassador Programme	<ul style="list-style-type: none"> <li>The overall outcome that PCRIC seeks to achieve through enhancing FICs' relations and engagements is the identification of champions at the highest political and policy levels. This is to promote PCRIC and risk transfer and parametric insurance products as key tools in addressing disaster risk management and fiscal and debt sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>With international borders opening in July, PCRIC commenced country outreach and established relationships with key officials in the Ministries of Finance and National Disaster Management Offices, who have become PCRIC's focal points of contact. As a way forward, PCRIC intends to raise with MoF the prospect of having PCRIC Champions to officially assist with implementation of PCRIC DRF initiatives.</li> </ul>

## Strategic Theme #2: Technical Capability - Operate Regional Open Risk Information and Underwriting Platforms

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Segregated Cell Architecture	Ensure legislative amendment to the PCRIF Act is submitted to the government of the Cook Islands.	The WB is providing TA to the PCRIC legal team drafting the amendment to the Act. This is planned to be tabled in Parliament during the late 2021 Parliament sitting.	September 2021 to December 2021	CEO Legal Counsel Legal Advisor	High	High	The updated PCRAFI Act was passed by the Cook Islands Parliament in December 2021, giving PCRIC the legal basis to operate as a Segregated Cell Company. The technical work to develop the new Regulations which will apply to the Company in the future are still under development and is expected to be finalised over 2023-24.
Risk Analytics and Underwriting Platform	Develop Business Case for implementation of Risk Analytics and Underwriting Platform.	Off the back of a clear Product Development Strategy, a business case is required to support the Company in deciding on the best approach to support hazard models and products within an underwriting platform.	January 2022 to April 2022	Technical Specialist - Product & Actuarial Technical Resource - Hazard Modelling	High	High	A Business Case was developed for all Product Development work over 2022, with the CEO and PCRIC Board providing ultimate oversight over the Product Development projects conducted. One of the projects included the development of a new software platform which allows PCRIC greater flexibility in updating the existing products for new exposure data and allows PCRIC to form its own view of risk.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Product Roadmap	Review of Current Product performance	Comprehensive review and catalogue of known performance and questions relating to current and proposed products for use in the development of the roadmap for product development.	October 2021 to November 2021	Technical Specialist - Product & Actuarial Technical Resource - Hazard Modelling Reinsurance Broker	High	Medium	As part of the Product Development work conducted over 2022, one project was a review of PCRIC's existing products to ensure the products are still accurate and relevant for PCRIC's member countries. The outcomes of this work have informed the next stage of product development.
	Development of Product Development Roadmap/ Strategy.	This is associated to the reviewing of the existing model. This guides the review and implementation of enhancements to the current product. This work should be based on risk analysis and underwriting platform.	November 2021 to December 2021	Technical Specialist - Hazard Modelling Technical Specialist - Product & Actuarial	High	Medium	A full Product Development Roadmap was developed in Nov-Dec 2021 to guide the Product Development work undertaken over 2022. An updated Roadmap will be developed to guide the next stage of product development.
	Identification and Development of next Generation Product (beyond current known products).	Identification and development of feasibility studies into additional products beyond the known range as a result of work done over the extension period.	November 2021 to June 2022	Technical Specialist - Hazard Modelling	High	High	As per the agreed Product Development Roadmap, new parametric excess rainfall and drought products have been developed and will be available to countries in 2023.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Product Development – Insurance	Detailed Review of Model options for Cyclone and Earthquake/Tsunami Perils and business care for in-house modelling and delivery.	Comprehensive review of options for continuing to address Cyclone and Earthquake risk – including recommendations for future work that align with PCRIC’s goal for developing a risk modelling platform.	November 2021 to February 2022	CEO Technical Specialist - Product & Actuarial Technical Resource - Hazard Modelling Reinsurance Broker	High	High	PCRIC conducted a detailed review of the existing products. The Company’s new software platform allows for greater flexibility in updating the existing products for new exposure data and product assumptions. The recommendations from the review of existing products will be carried forward in the next stage of product development.
	Undertake independent demand survey to establish product development pipeline beyond existing customer base.	This is to target sectors of the economy that had not been covered in the current structure (i.e. NGOs, State-Owned Enterprises, Private Sector, etc).	February 2022 to June 2022	Technical Specialist - Hazard Modelling Technical Specialist - Product & Actuarial Communications Firm	High	Low	A detailed demand survey was conducted as part of the development of the new drought product. However, additional work needs to be done in the next phase of product development to develop new opportunities in different sectors.
	Bronze Product feasibility	Review and coordination of a final approach to delivering entry level house insurance (like the bronze product concept) via engagement with the Pacific Insurance sector.	January 2022 to June 2022	Technical Specialist - Hazard Modelling	Medium	Medium	PCRIC’s ability to deliver products through the private sector was dependent on a change in the Company’s licence from a captive insurance company. While the segregated cell legislation does offer the Company more flexibility in the products it can offer, further discussions are required with FSC Cook Islands before PCRIC can fully engage with the private sector.
	Prepare the insurance policy renewal for sessions 10 and 11.	Engagement with policyholders and renewal of insurance programme and reinsurance programme.	September to November (2021 and 2022)	CEO Insurance Manager Technical Specialist - Product & Actuarial Reinsurance Broker	High	Low	The insurance and reinsurance policy renewals for Seasons 10 and 11 were implemented successfully.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Product Development – Mutual Funds	ADB Mutual Contingency Fund structure, cell business model, ADB financial support mechanism.	Renewed engagement with ADB on the mutual contingency fund concept and role that PCRIC could play, resulting in a clear business case and implementation plan if still supported.	November 2021 to June 2022	Technical Specialist - Hazard Modelling Technical Specialist -Product & Actuarial Legal Advisor	Medium	Low	PCRIC's involvement in the proposed ADB Contingent Savings Product required the Company to set up a new segregated cell. While the relevant legislation has now been passed for PCRIC to establish new cells, the opportunity with ADB is no longer available. PCRIC will continue to engage with ADB and other development partners to ensure the Company can respond to such opportunities as and when they arise.
Technical Assistance Programme	Develop a Technical Assistance program aiming to improve technical understanding of PCRIC offerings and integrating DRF into the PFM system.	This program is key to business development of PCRIC noting the current lack in understanding and knowledge in the FICs with the company.	December 2021 to December 2022	CEO Regional Coordinator Technical Resource - Product & Actuarial PCRIC Team	High	Medium	A Technical Assistance Strategy was developed and approved by the Board in July 2022 to provide guidance to PCRIC in the offering of possible TA and DRF activities for member and non-member countries. This was shared with the WB. Currently, PCRIC does not have the financial resources to implement the strategy but have approached WB to consider funding some key activities in the strategy during the BP implementation.
	Conduct consultation, (including face-to-face and online) with FICs to educate them on the rainfall products and its benefits and application.	Better understanding of the technical aspect of the rainfall product is critical to the PCRIC business growth. Having the consultation will pave the road to any formal arrangement with the FICs.	February 2022 to September 2022	CEO Technical Specialist - Product & Actuarial Board Member	High	High	Face-to-face consultations with some Member Countries were held during 2022 as part of the development of the drought product. A greater level of consultation with Member Countries is expected from 2023 onwards on both the new drought and excess rainfall products.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
	Support Summary Risk Assessment Analysis / Discussion Paper on Perils for interested Countries (Reviews of historical events to support cabinet discussions).	Developing technical notes for officials to use in internal discussions on FIC natural hazard risk and other related disaster financing issues is critical to gaining trust and confidence of clients on PCRIC's services.	Ongoing	Technical Specialist - Product & Actuarial Communications Firm	Medium	Low	Country specific notes were developed for some member and non-member countries in 2022, providing analysis on possible payouts for specific perils that are relevant to each country. These included Fiji, Kiribati, Papua New Guinea, RMI and Tonga. PCRIC aims to develop similar notes for other countries depending on perils that are more relevant to their circumstances.

### Strategic Theme #3: Compelling Value Proposition - Appropriate Client Management and Broader Stakeholder Expectation

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Building the Value Proposition	Appointment of a Communications Firm and commencement of research and development of a value proposition and communications strategy.	Refinement and distillation of a clear value proposition for PCRIC in relation to its regional impact and benefit to key stakeholders.	July 2021 to June 2023	CEO Communications Firm	High	Low	Completed
Business Planning and Budgeting	Development of analysis papers on the need for project restructuring and organisational sustainability.	Development of final project budget in mid-2022 to support the final evaluation of the project and ensure all remaining funds are utilised prior to project completion.	March 2022 to August 2022	CEO Finance & Planning Manager Insurance Manager	High	High	This is an ongoing exercise as the aim is to reach financial sustainability by the end of the period of this Business Plan.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Monitoring and Evaluation	Implementing the M&E result-based framework and theory of change.	This is the framework that traces the impact of the indicators assigned to the strategic themes and the project development objectives.	July 2021 to June 2023	CEO M&E Expert	High	High	M&E Specialists have been engaged since 2020. A robust M&E framework is in place and used by PCRIC to track progress on the project development objectives and the intermediate results. Monitoring and evaluation is now mature within PCRIC.
	Prepare M&E progress reports in-line with WB requirements to demonstrate organisational progress and impacts.	Delivery of regular progress reports on the PCRAFI project to support transparency and the preparation of implementation support missions.	As required (semi-annually)	CEO M&E Expert	High	Medium	The M&E Specialist provided technical assistance and capacity building efforts and development of the Company's progress reporting, learning and adaptation strategies. Quarterly and Annual Reports are now published every year (from 2020).
Addressing Critical Expectations	Continue discussions with stakeholders to ensure alignment of expectations.	Regular discussions with WB, FICs and Donors to ensure alignment of expectations and activities to support greater understanding and acceptance of Company and project progress.	Ongoing	CEO	High	Low	This is an ongoing exercise

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Relaunching PCRAFI Programme Workstreams and Reintroduce PCRIC	Providing updates during the FEMM and developing a programme for a relaunching event during COP26.	Using these platforms will help support the efforts to enhance PCRIC's visibility and better understanding of the brand.	July 2021 to November 2021	CEO Communications Firm PCRIC Team	High	High	This has been undertaken
Marketing and Communications	Develop a fully operational website	This is the platform that supports the outreaching and visibility of the company.	September 2021	Communications Firm PCRIC Team	High	High	Completed
	Development of Communications and Marketing strategies.	These are strategies that will articulate the activities that PCRIC will conduct to improve its low visibility.	October 2021	Communications Firm PCRIC Team	High	High	Completed
	Raising awareness of PCRIC and gaining greater uptake of PCRIC products and services by both member and non-member nations.	This is to create an environment of trust and loyalty and to better understand the business-related activities as planned in SP theme 1.	February 2022	CEO Communications Firm Technical Resources	High	Low	This is an ongoing exercise with a number of bilateral meetings held with existing and potential client countries. A very structured programme has been devised to conduct disaster risk financing training in the Pacific region.

## Strategic Theme #4: Global Partnering

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Donor Engagement	Continuously seek opportunity to meet or interface with donors (inside or outside CoM group) such as ADB, NZ and Australia to coordinate DRM issues and to establish a stronger linkage to avoid duplication and build synergies.	Keeping donors abreast with development allows greater understanding and opportunities to partner.	Ongoing	CEO Legal Advisor	High	Low	<p>The PCRIC team was invited to make a presentation at the 2022 FEMM, reflecting the pivotal role PCRIC plays in the region and the importance of PICs' engagement with PCRIC. Bilateral meetings were also held with Australia and NZ in attendance. Operational grant proposals subsequently submitted to DFAT / MFAT for consideration.</p> <p>The CEO and F&amp;P Manager attended the 2022 COP27 Summit. The CEO participated in a number of panel discussions highlighting the importance of DRF including the instrumental role Risk Pools such as PCRIC play. High-level bilateral meetings were held with the Head of Insurance and Risk Finance for UNDP, ACP's Assistant Secretary-General for the Environment and Climate Action, WFP UNICEF team members and V20 Secretariat team. Discussions are ongoing to identify the possible technical assistance that can be provided by these international bodies.</p>
	OECD-DAC Annex II application	Seek donor sponsorship and file an application to be listed on the OECD-DAC Annex II application after consideration of insights from donor engagements and support for application if agreed.	January 2022 to June 2022	Legal Advisor	High	Medium	<p>The Government of Germany (GoG) had agreed to lodge an application with the OECD. Due to other competing priorities, this has yet to be progressed and the GoG hopes to pursue this initiative in 2023.</p>



Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Premium Funding Approach	Develop a premium financing strategy and Proposal for ongoing support to FICs.	Focused on delivering a coherent long-term financing strategy for the region along with the support of securing short-term financing associated with discussions around COP26.	July 2021 to August 2021	Premium Financing Advisor	High	High	The formulation of the premium strategy is planned to be completed by mid-2023.
Development and Programme Partnership	Donor MoU approach	Review and development of a framework for improved engagement with donors and securing financial and non-financial support related to future project concepts (new products, new channels, technical assistance).	December 2021 to December 2022	Legal Advisor	Medium	Low	This work will be rolled over to the next Business Plan cycle.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on the Deliverables
Network for Collaboration and Influence	Engagement with other risk pools (CCRIF, ARC, SEADRIF) and regional sovereigns (PHI).	Systematic engagement with other risk pool leaders to ensure sharing of best practices and lessons and strengthen opportunities for global cooperation.	Ongoing	CEO Legal Advisor	Medium	Low	PCRIC signed an MoU with other risk pools whilst attending COP27. This has established a solid platform for close cooperation with similar entities on matters of mutual interest in the DRF space. This engagement will be strengthened moving forward.
	Development of a Network for Collaboration.	Review of wider opportunities for strengthening PCRIC's networks across insurance, development and hazard modelling industries to ensure access to global support and learning.	Ongoing	CEO Regional Coordinator Technical Advisor - Hazard Modelling	Medium	Medium	<p>Through PCRIC's participation in international events such as the Asia Pacific Ministerial Conference on Disaster Risk Reduction (19 - 23 Sept, 2022), COP27 and World Bank Annual Meetings, it has built a strong partnership with international organisations such as UNDP, ACP, V20 Secretariat as well as a number of international donor partners.</p> <p>PCRIC signed an MoU with the University of the South Pacific to explore options for DRF provision of training to PIFS member countries.</p> <p>The Center for Disaster Protection has provided invaluable support to PCRIC in developing a TA strategy and funding a number of high-level workshops.</p>

## Strategic Theme #5: Operational Excellence

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
CEO, Staff and Director's Recruitment / Induction / Development / Retention	Establishment of a Regional Coordinator function.	This position will provide further support to the CEO and drive strategic direction for the engagement and coordination of DRFI Technical Assistance activities in the region. It will play a key role in interacting with Fiji-based regional organisations and stakeholders.	December 2021	CEO	High	High	The Regional Coordinator appointment occurred in February, 2022. The role is based at PIFS in Suva and is the focal point for coordination of the PCRIC DRFI agenda with PICs. Activities will assist in elevating the company's footprint in the region.  The PCRIC CEO participated in the CEOs Risk Pool Summit held in London, 8 - 11 June, 2022. This was funded by the Center for Disaster Protection.
	Appoint Finance & Planning Manager and enhance financial management function.	Transition of financial management responsibilities into a new Planning & Finance Manager role, responsible for financial oversight, procurement management and planning and budgeting.	December 2021	CEO	High	High	The Finance & Planning Manager appointment occurred in February, 2022. The F&P Manager is mainly responsible for budget formulation, procurement and financial planning & management, supporting the CEO and the Board in oversight roles.
	Appoint an Office Manager to support the Company's administrative operation.	Establishment of a comprehensive administrative function to support the business.	December 2021	CEO	High	Medium	This will be undertaken concurrently with the CEO's relocation to the Cook Islands, planned for 2024.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
Governance	Review of the initial contribution to PCRIF membership and develop an optional paper for the consideration by the CoM.	Giving opportunity to FICs to join the PCRIF without paying any entry fee. This can be shared with the FICs in the second round of consultation re rainfall product and ongoing updates of the latest development.	October 2021	Legal Counsel Legal Advisor	High	Low	CoM had approved for PICs to join the PCRIF with a reduced entry fee of \$20k. This has reduced barriers to entry for PICs and provides a very conducive path to subscribe to the suite of insurance products offered. This initial payment will be diverted towards premium payment if the member buys a policy.
	Review the existing operational manual and procedural process and update if required.	Review and prioritisation of programme of work to incorporate segregated cell structures and strengthen Company policies and procedures across key operational areas.	April 2022 to August 2022	Technical Specialist - Insurance & Risk PCRIC Team	High	Medium	The Operational Manual has been further revamped with the inclusion of financial guidelines on employee entitlements and the policy pertaining to Company travel. PCRIC has adopted this as the Company manual subsequent to the closure of the PCRAFI project.
	Participate in Project Implementation Missions.	Consolidating the required information from the WB and share before the mission starts.	One month prior through to end of Mission.	CEO PCRIC Team	High	Low	The PCRIC team furnished all the requested information requested by the World Bank Project Implementation Mission and provided clarification on the issues raised. The PCRIC team accompanied the WB Mission team to Tonga during the 2022 ISM mission as per the Bank's request. There was no mission held in the prior year due to COVID restrictions.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
	CoM meetings	Prepare for the CoM meetings	October 2021, April 2022 and October 2022.	BoD CEO Legal Advisor PCRIC Team	High	Low	CoM Meetings were organised on dates mutually agreed by the CoM members and meeting agendas, minutes and papers were provided prior to the meetings. Special CoM meetings were also organised as and when CoM members deemed necessary. Papers that required the CoM's approval were cleared by the Board prior to the distribution of meeting packages. In 2022, an in-person CoM meeting was held in Washington DC concurrent with the World Bank & IMF meetings. The earlier meeting in April was conducted virtually.
	Board meetings	Prepare for the Board meetings	All meetings	BoD CEO Legal Advisor PCRIC Team	High	Low	The Board Meeting Agenda, Papers, Minutes and virtual meeting links were provided to the Board members prior to the meetings. Papers that required the Board's decision were cleared by the CEO prior to the meeting packages being sent out. The Board held more than 6 meetings last year due to the need to make strategic decisions on a number of product development and financial matters.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
Company Policy	Prepare the Company financial statements and undertake the required audits (Company and Project).	This is for the 2020/2021 and 2021/2022 accounts, along with ensuring project audits for July 22 to December 22 is also delivered within timeframes.	Four months after end of reporting period.	Finance & Planning Manager Finance Teams Auditors	High	High	Project and Entity Audit for FY21/22 has been completed.
	Enhancements to Project/Grant Fund management.	Review and strengthening of grant fund management and procurement planning and management within World Bank Systems.	Ongoing	Finance & Planning Manager Finance Team	High	Medium	All planned project/ grant fund procurements were undertaken with due adherence to the World Bank procurement regulations.
	Risk Management framework / system review and active management of the risk register.	The process for this review and updating of the RR will continue to ensure that PCRIC is self-mitigating risks.	All the time	Technical Specialist - Insurance & Risk	High	High	The risk register was periodically updated to ensure all perceived risks were registered and appropriate mitigation actions accordingly initiated. The Board has also approved the same. The CEO is responsible for monitoring the risks and taking appropriate measures as and when required.
	Ensure service providers' contracts are reviewed and revised as deliverables are completed and necessary documents are filed and uploaded to the system.	Delivery of planned procurement plan and transition of all roles into new structure.	Ongoing	CEO Finance & Planning Manager Legal Counsel	High	High	A very systematic and thorough scrutiny was undertaken for all contractual arrangements to ensure the stated deliverables are met.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
Capital Management	Reallocation of investments and management of performance.	Manage the reallocation of investments with Asset Managers under the new SIPO and report on performance and advise on potential risks.	October 2021 then ongoing	Investment Advisor Technical Specialist - Product & Actuarial Finance & Planning Manager Finance Team	High	Low	All investment decisions were made consistently with the SIPO and due regard of the global market conditions. Periodic reporting on investment performance and perceived outlook was provided to the PCRIC stakeholders.  PCRIC remains well capitalised with a combined equity value of US\$26 million as at 31 December 2022. This is after absorbing losses stemming from claims and changes in the fair value of investments over the past 6 years.
	Refinement of PCRIC's capital management strategy and supporting capabilities and systems.	Review of Actuarial Function and refinement of capital management and reinsurance strategy to optimise portfolio performance.	January 2022 to June 2022	Technical Specialist - Product & Actuarial Technical Specialist - Insurance & Risk Actuarial Review Reinsurance Broker	High	Medium	PCRIC holds a robust solvency position which exceeds the minimum solvency capital prescribed by the Cook Islands Financial Supervision Commission by more than 400 times. This underscores PCRIC's ability to provide instant liquidity to cover for any foreseeable claims under its current reinsurance programme.

Work Areas	Activity	Descriptions	Timeframe	Responsibility	Priority	Cost / Complexity	Update on Deliverables
	Review of Governance Model	Review of PCRIF and PCRIC Governance Models to ensure effective decision-making and alignment between CoM, BoD and other stakeholders and integration of segregated cell structures.	November 2021 to April 2022	BoD CEO Legal Advisor Finance and Planning Manager	Medium	Medium	<p>The review of governance oversight responsibilities was undertaken in light of the new PCRIF Segregated Cell Act and approved by the Board and the CoM to allocate responsibility for oversight of specific activities relating to the establishment and governance of segregated cells.</p> <p>Further review will be conducted each time a new Segregated Cell is established to confirm alignment on allocation of the relative oversight responsibilities. For example, oversight of a premium support cell could include donor representatives in a cell oversight committee, for donors contributing to the cell's finances.</p>
	Review of current Organisational Structures (including role of Insurance Manager and Trustee firm) to ensure best practice operation.	Review of organisational structure as PCRIC exits the PCRAFI project to ensure fit-for-purpose structure once project support has ceased and to ensure appropriate management of segregated cell structures.	July 2021 to December 2022	CEO PCRIC Team	High	Medium	This has been rolled over to the new Business Plan.



The factors outlined below has affected the implementation and progress for the Business Plan July 2021 – June 2023:

- **COVID-19 affected PICs' capacity to invest in DRF as well as limiting PCRIC's political engagement with countries needed to increase the number of policyholders.** The COVID-19 pandemic impacted the implementation of the PCRAFI Project both in terms of:
  - ▶ the capacity of PICs to invest both financial and human resources in DRF. PICs continue to have limited fiscal space even as the region emerges from the pandemic.
  - ▶ the travel restrictions associated with the pandemic meant that it was very challenging for PCRIC to undertake in-person stakeholders' engagements with countries across the region.
- **Low technical understanding of disaster risk financing in general and the lack of awareness and understanding of PCRIC products, and the trigger mechanisms for payouts.** It was recognized as part of the Project design that there was a lack of technical capacity related to DRF in the region, and so included in the Project was a recipient-executed component specifically on capacity building.
- **Limited product offerings to countries meant that a few members would purchase insurance from PCRIC.** It was also recognized and acknowledged during the Project design that in order to be successful, PCRIC would have to broaden its product range beyond sovereign parametric insurance for tropical cyclone and earthquake/tsunami. However, because of the lack of a CEO within PCRIC for such an extended period, no attempt was made by the Company to hire a specialist catastrophe modeller who could drive product development activities. This meant that product development for the region was instead managed by the World Bank during this period. While there was some progress with the procurement of analysis for excess rainfall and drought, this analysis suffered major delays and ultimately was not of sufficient quality for PCRIC to take a product to the PICs.

In 2021, under new leadership, PCRIC finally hired a specialist catastrophe modelling consultant. Over 2021-2022, the Company has made strong progress towards finalizing the excess rainfall and drought products, which are both now due to be launched in 2023. In addition, PCRIC has conducted an extensive review of the existing products and undertaken development of a new software platform. This provides the Company with a greater ability to conduct analysis itself rather than being reliant on expensive contracts with the Company's Calculation Agent.

- **Delay in shifting from a Captive Insurer to a Segregated Cell Company.** PCRIC faced legal constraints due to the Company operating under a Captive Insurance License, which limited the Company to offering only sovereign parametric insurance products to member countries. The US\$50,000 fee for a new country to join the PCRIF and access PCRIC's insurance products proved prohibitive for many countries and was subsequently reduced to US\$20,000. However, the greater challenge with this legal constraint was that PCRIC could not offer products to non-sovereign entities, or types of products beyond parametric insurance.



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PACIFIC  
CATASTROPHE  
RISK INSURANCE  
COMPANY

Bermuda House, Tutakimoa Road, Avarua,  
Rarotonga, Cook Islands

[www.pcric.org](http://www.pcric.org)