



PACIFIC
CATASTROPHE
RISK INSURANCE
COMPANY

PCRIC 2023 Quarterly Report
January - March 2023

1. Background

The Pacific Catastrophe Risk Insurance Company (PCRIC) is a regionally dedicated captive insurance company owned for the benefit of Pacific Island Countries (PICs) through the Pacific Catastrophe Risk Insurance Foundation (PCRIF). Both PCRIC and the PCRIF were established by legal statute in the Cook Islands in 2016 with the Foundation being governed by a Council of Members. PCRIC is managed by a Chief Executive Officer (CEO) and governed by a Board of Directors (Directors). PCRIC products are designed to meet specific needs identified by PICs, and in times of crisis, aim to deliver timely post-disaster liquidity to support rapid relief.

This PCRIC quarterly report captures the Company's key activities from January to March 2023 as implemented by the Management Team. This quarter's report is the first one for PCRIC in this new dispensation and offers a glimpse into what the Company has implemented after the end of the grant funding. The Report provides key updates on the operations, investment, financial, products development, communications and regional coordination and partnerships.

1.1 *Changes in the operating context*

January 2023 was a pivotal point for PCRIC as the Company moved forward after the end of grant funding and the closure of the PCRAFI Project by the World Bank on 31 December 2022. The key changes and activities for the quarter included:

- **Developing the 2023-2025 Business Plan.** To provide strategic direction after the end of the grant funding, PCRIC spent most of January to March 2023 developing its 2023-2025 Business Plan. The new Business Plan outlined PCRIC's priorities and key activities over the period July 2023 to December 2025 with an estimated budget. Furthermore, the financial analysis as part of the Business Plan development provided a realistic assessment that PCRIC needs to draw down on the capitalisation fund to meet the Company's operational expenses including product development, and possibly provide premium support to countries if additional donor support cannot be secured.
- **Negotiating allocation methodology for the €10m of premium finance support from Germany.** As well as developing the Business Plan, from January to March 2023, PCRIC's focus was on negotiating how the €10m of premium finance support from Germany to PCRIC can be made available to PCRIC and PICs. This included negotiating an allocation methodology and developing the proposal to V20 / UNOPS to facilitate the BMZ €10m being transferred out of the World Bank's Multi-Donor Trust Fund into a PCRIC Segregated Cell.
- **Reviewed and signed off all product development deliverables and developed the Product Development Strategy.** PCRIC also reviewed and signed off on all 2022 Product

Development Project deliverables – covering Drought, Excess Rainfall and RiskScape Projects. During the period, PCRIC also developed a ‘Product Development and Maintenance’ Plan/Strategy as part of the 2023-2025 Business Plan.

- **Developed knowledge products per country on their policy and potential policy cover.** This is a pager articulating a high-level policy explanation for the countries as an effort to ease the policy understanding and consideration.
- **Executed technical capacity activities** jointly with other regional organisations under the Technical Working Group established by FEMM 2022 on Climate Risk and Disaster Risk Finance. This is ongoing and a detailed report on the events will be submitted to the FEMM 2023 together with a Climate Risk and Disaster Risk Finance Roadmap to guide the implementation of regional priorities in this space.
- **Finalised the Segregated Cell Regulations.** PCRIC is now a segregated cell company. This will allow the Company to offer a broader range of products to non-sovereign entities, including the private sector, and also allows for the segregation of assets and liabilities for specific initiatives.
- **Held stakeholders’ engagement with key potential clients** such as the new Government of Fiji (Minister for Finance), DFAT Suva and Tonga, MFAT Tonga and the Asian Development Bank (ADB) Suva to share PCRIC’s contribution in strengthening DRF in the region.
- **Enhanced global footprint by attending several key meetings with UN agencies (FAO/WFP/UNDP)** on a possible partnership to secure funding from the Global Shield for premium support to PICs and to collaborate on offering technical capacity building activities to the region.



PCRIC

2. Key activities and progress updates

This section provides progress updates and key highlights of PCRIC's core areas of operations, modelling and product development, investments, and premium financing as well as finance, communications and monitoring and evaluation (M&E). The section highlights key activities conducted from January to March 2023. The sections only outline key next actions for April to June 2023 across PCRIC's strategic themes and core operation areas.

PCRIC Focal Area	Progress Updates and Key Activities (January – March 2023)	Next Actions (April – June 2023)
<p>Premium Financing & Technical Capability</p>	<ul style="list-style-type: none"> Continued support to ensure the €9m provided by BMZ (Germany) for premium subsidies for PICs is received by PCRIC this year via the Global Shield Window of the V20 Joint Multi Donor Fund. This included technical discussions with the World Bank, the Global Shield, the V20 and UNOPS, and proposal of a premium subsidy allocation methodology. This issue was also brought to the attention of V20 member countries by the PCRIC CEO during the 10th V20 Ministerial Meeting held in Washington D.C. on 16th April 2023. 	<ul style="list-style-type: none"> Deliver the PCRIC Premium Fundraising Strategy.
	<ul style="list-style-type: none"> Agreeing on a draft allocation methodology for how the BMZ €10m can be allocated to PICS for premium subsidy support. 	<ul style="list-style-type: none"> Provide support to ensure that the BMZ €10m is successfully made available to the PICs by transferring the funds via V20 / United Nations Office for Project Services (UNOPS) into a PCRIC Segregated Cell.
	<ul style="list-style-type: none"> Developing the proposal to V20 / UNOPS to facilitate the BMZ €10m being transferred out of the WB MDTF into a PCRIC Segregated Cell. 	

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<p>Legal and Governance</p>	<ul style="list-style-type: none"> Continued support in the drafting of new Regulations for PCRIC to operate as a Segregated Portfolio Company. This included a final review of the Principles of Regulation which was submitted to the FSC in March 2023, and continued work with the World Bank and the UK Government Actuary’s Department on the solvency capital framework that will apply to PCRIC going forward. 	<ul style="list-style-type: none"> Support the implementation of the Segregated Cell Regulations.
	<ul style="list-style-type: none"> Tabled an application to the Financial Supervisory Commission (FSC) towards a premium support cell in the Cook Islands. 	<ul style="list-style-type: none"> Implement Premium Support Cell for BMZ funds and agreements with UNOPS.
	<ul style="list-style-type: none"> Provided advice on regional governance and legal matters for the CoM, relating to the implementation of MoUs with Sovereign Risk Pools, the University of the South Pacific (USP) and the Centre for Disaster Protection (CDP). 	<ul style="list-style-type: none"> Confirm OECD Application sponsorship with KfW and prepare for submission in quarter three of 2023.
<p>Modelling and Product Development</p>	<ul style="list-style-type: none"> Reviewed and signed off on all 2022 Product Development Project deliverables – covering Drought, Excess Rainfall and RiskScape Projects. 	<ul style="list-style-type: none"> Develop project Terms of Reference for all proposed product development activities outlined in PCRIC’s 2023-2025 Business Plan.
	<ul style="list-style-type: none"> Developed a ‘Product Development and Maintenance’ Plan/Strategy for PCRIC 2023-2025 Business Plan. 	<ul style="list-style-type: none"> Develop project Terms of Reference for Drought policy structuring (i.e., the work to develop a bespoke country-specific policy) and support initiation of this work.
	<ul style="list-style-type: none"> Provided PCRIC event response for the Vanuatu Tropical Cyclones Judy and Kevin (magnitude 6.5 earthquake). From the analysis, none of the events would generate a payout even if Vanuatu had had a policy in place with PCRIC. 	<ul style="list-style-type: none"> Support the ongoing project with JBA (PCRIC’s development partner for excess rainfall product).

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<p>Regional and Global Integration and Coordination</p>	<ul style="list-style-type: none"> ● Attended meetings with key partners including the Government of Fiji (Minister for Finance), DFAT Suva and Tonga, MFAT Tonga and the Asian Development Bank (ADB) Suva to share PCRIC's contribution in strengthening DRF in the region. 	<ul style="list-style-type: none"> ● Conduct country outreach to discuss the BMZ €10m and assist in accessing premium financing (initial \$4.5m) under the Global Shield. Plans are also in place to conduct additional joint missions to conduct Disaster Risk Finance (DRF) Workshops in other countries in the region that will also support the development of the regional DRF Roadmap that was mandated by the Forum Economic Ministers Meeting (FEMM) last year.
	<ul style="list-style-type: none"> ● Took part in the Tonga Development Partners Forum at the invitation of partners. 	<ul style="list-style-type: none"> ● Liase with USP to explore whether a DRF course could be included under one of its relevant programs. ● Participated in a USP Youth Climate Workshop to share PCRIC's role in helping to ease fiscal burdens before and after disasters.
	<ul style="list-style-type: none"> ● Attended the DRF Technical Working Group Meeting which resulted in a Joint Mission (PIFS/ PICAP/PCRIC) to the Solomon Islands to conduct a DRF workshop and provide an update on PCRIC products and services offered in the region. This is ongoing. 	<ul style="list-style-type: none"> ● Attend meetings with Global Partners and explore possibilities of securing further partnership/funding that will support PCRIC's work, with possible benefits trickling down to the countries in the region.
	<ul style="list-style-type: none"> ● Attended meetings with UN agencies (FAO/WFP/ UNDP) on a possible partnership to secure funding from the Global Shield for premium support to PICs. The Concept Note was finalised for submission to the Global Shield. Also attended meetings with AON and CDP London to explore possible options of collaboration in the future towards strengthening financial resilience in the region. 	<ul style="list-style-type: none"> ● Liase with SPC and SPREP and finalise the MOUs by end of June 2023.

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	<ul style="list-style-type: none"> Supported ongoing discussions with SPC on draft MoU. Also, pursued discussions with SPREP on possible partnerships targeted at sharing technical data that is useful for product development. 	<ul style="list-style-type: none"> Undertake the Secretariat roles for both the Board and CoM Meetings and ensure meeting papers are delivered on time.
Investments and Finance	<ul style="list-style-type: none"> Finalised the Project Completion Financial Statements & Audit. 	<ul style="list-style-type: none"> Prepare for the end of the FY 23 Financial Statements & Audit.
	<ul style="list-style-type: none"> Developed the Budget and Business Plan for PCRIC’s 2023-2025 Business Plan. 	<ul style="list-style-type: none"> Process the Withdrawal Application & Statement of Expense processing for March 2023.
	<ul style="list-style-type: none"> Processed the Accounts Payable as part of the financial management obligations. 	<ul style="list-style-type: none"> Process the March 2023 Interim Financial Statements.
	<ul style="list-style-type: none"> Processed the Withdrawal Application & Statement of Expense for December 2022 to February 2023. 	<ul style="list-style-type: none"> Process Accounts Payable as part of the financial management obligations.
	<ul style="list-style-type: none"> Developed the December 2022 Interim Financial Statements. 	<ul style="list-style-type: none"> Prepare the June 2023 Interim Financial Statements.
Finance and Planning	<ul style="list-style-type: none"> Extended the TA contracts to the end of the FY22/23 after the closure of the World Bank PCRAFI Project on 31st December 2022. 	<ul style="list-style-type: none"> Monitor the achievement of deliverables as stated in the extended contracts.
	<ul style="list-style-type: none"> Drafted the Terms of Reference and EOI for PCRIC Insurance Manager services. This has already been advertised and the due date is 25th April 2023. 	<ul style="list-style-type: none"> Draft the Procurement Plan for FY23/24. All submissions will be formalised by the Procurement Committee for its decision.
	<ul style="list-style-type: none"> Finalised the schedule of contractual payments outstanding related to the PCRAFI project and onward submission of the same to the World Bank for release of the funds. 	<ul style="list-style-type: none"> Track all outstanding payments completed under the PCRAFI project to ensure it is credited to PCRIC’s Bank account.

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<p>Monitoring and Evaluation</p>	<ul style="list-style-type: none"> Finalised and submitted the Project Completion Report to the World Bank as part of the grant funding requirements. 	<ul style="list-style-type: none"> Finalise the 2022 Annual Report and submit it to the Board.
	<ul style="list-style-type: none"> Developed the M&E Framework for PCRIC’s 2023-2025 Business Plan. In total, 19 indicators were developed across the PCRIC Strategic Themes that will be used to assess PCRIC’s progress towards the implementation of the new Business Plan. 	<ul style="list-style-type: none"> Support the operationalisation of the new M&E Framework.
	<ul style="list-style-type: none"> Drafting the 2022 PCRIC Annual Report. 	<ul style="list-style-type: none"> Provide M&E technical assistance and take part in monitoring visits as and when required.
<p>Technical Capability</p>	<ul style="list-style-type: none"> Engagement with the UN World Food Program (WFP) on the potential for WFP replica or top-up coverage for PICs. This included a presentation to the WFP technical team on PCRIC’s current and future products in March 2023. Following further discussions, PCRIC is hopeful that WFP will pilot their replica coverage approach in the Pacific region with one country in the policy renewals on 1st November 2023 which will act to boost PCRIC’s premium income. 	<ul style="list-style-type: none"> Finalise the arrangements with the Global Shield, V20 and UNOPS to secure the €9m provided by BMZ (Germany) for premium subsidies, with the funds to be deposited in a new segregated cell within PCRIC. This will include initial work on application of the premium subsidy allocation methodology to determine premium finance arrangements for the policy renewals on 1st November 2023.
	<ul style="list-style-type: none"> Together with Finance and Planning, supported the development of the PCRIC Business Plan 2023-2025 for Board approval, including cost estimates and budget, proposed future activities, and projections of the Company’s finances under a variety of future possible scenarios. 	<ul style="list-style-type: none"> Support the development of a bespoke Earthquake insurance policy for PNG Data Co. Provide support to the planning and development of the training program to be delivered by PCRIC in collaboration with the Centre for Disaster Protection (CDP) ahead of the policy renewals on 1st November 2023.

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		<ul style="list-style-type: none"> ● Finalise the capital solvency framework and governance framework that will apply to PCRIC under the new Segregated Portfolio Company Regulations for submission to the FSC.
<p>Communications</p>	<ul style="list-style-type: none"> ● Drafted multiple social media posts and press releases on PCRIC activities. These were then updated on the website and social media platforms. 	<ul style="list-style-type: none"> ● Support with Country Notes, Knowledge Products, Proposals, Donor Communique, Photography development and rollout (upon budget availability).
	<ul style="list-style-type: none"> ● Editing and formatting of the Project Completion Report and the 2023-2025 Business Plan. 	<ul style="list-style-type: none"> ● Communication support for Resilience Risk Pools when required.
	<ul style="list-style-type: none"> ● Posting content from the Resilience Risk Pools initiative with CEO Global Risk Dialogue (included quotes and short video clips). 	<ul style="list-style-type: none"> ● Communication support (formatting, editing, and proofreading).
	<ul style="list-style-type: none"> ● Ad hoc communication support as and when required. 	



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