



PACIFIC
CATASTROPHE
RISK INSURANCE
COMPANY

Monitoring and Evaluation
Annual Report, 2024



WORLD BANK GROUP



GFDRR
Global Facility for Disaster Reduction and Recovery



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List of Abbreviations

CDP	Centre for Disaster Protection
CEO	Chief Executive Officer
CoM	Council of Members
DRF	Disaster Risk Financing
EQ	Earthquake
FEMM	Forum Economic Ministers Meeting
MoU	Memorandum of Understanding
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PCRIC	Pacific Catastrophe Risk Insurance Company
PCRIF	Pacific Catastrophe Risk Insurance Foundation
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
RMI	Republic of the Marshall Islands
SOEs	State Owned Enterprises
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
TC	Tropical Cyclone
TS	Tsunami
UNCDF	United Nations Capital Development Fund
USP	University of the South Pacific
WTW	Willis Towers Watson
1H24	First six months of 2024
2H24	Second six months of 2024

1.0 Executive Summary



Vanuatu Daily Post

The focus of this report is on organisational performance of PCRIC for the second half of the year to end December, 2024, and provision of an annual summary for the year against the agreed indicators established for the five Strategic Themes addressed in the Revised Monitoring and Evaluation Framework (June 2024).

In reviewing the second half of the year, it is evident that performance outcomes benefitted substantially from the endeavours and progressive accomplishments of the preceding 6–12-month period. Given the core purpose of the organisation, arguably the most significant accomplishment for the period was making payment within 14 days of the devastating earthquake event which triggered a policy payout to the government Vanuatu in late December. This was an important validation of the protocols and procedure established to ensure rapid payout in the immediate aftermath of a disaster event.

Standout milestones for the period of assessment include the successful completion of the policy redesign work which in turn contributed to a record number of policies signings and hazards covered for the 2024-25 season. Additionally, for the first time in its history, PCRIC was able to offer donor-sourced premium finance to client nations. Acting to improve affordability and accessibility to disaster risk coverage by directly subsidising premiums paid, this was a significant contributor to the expanded uptake of coverage over previous years.

The period also saw positive gains in PCRIC's ambitions for effective collaboration with global DRF partners. This included the signing of the US\$2.5M grant agreement with GSSP directed toward funding

educational initiatives and product development work to further enhance PCRIC footprint across the region. Multiple engagements with ADB reflected the strategic imperative of working to forge tangible links with prospective future partners / donors.

Elsewhere, the partnerships with GSSP and WFP saw PCRIC contribute to a record number of DRF related workshops over the six months. The launch of an entirely new website projected a substantially improved corporate image, enhancing visibility and access to information on PCRIC.

Balancing the many positive outcomes over the period were a number of indicators against which minimal progress was made. The intern and scholarship program was effectively on hold throughout the entire year due to lack of funding (since addressed for 2025 and beyond via GSSP). No tangible progress was made on development or implementation of the Joint Disaster Risk Financing Technical Assistance program with PIFS. Development of corporate policies and regulations continued to lag behind expectations, even with the intervention of third-party assistance. Launch of the drought policy initially announced in 2023 remained pending at year end, as did any development of non-insurance products and solutions. Work regarding Country Risk Profiles remained outstanding.

In assessing causal factors, in certain instances impediments to progress were primarily due to the limited capacity of PCRIC to influence and drive the processes and timeline to accomplishment, rather than a lack of ambition or focus. Another contributing factor was the scale and duration of the policy redesign task and the prioritisation of technical resources to that endeavour. Importantly, with the exception of the ongoing absence of a drought product, none of these pending matters should be regarded as having a material impact on the organisation and nor should they be allowed to detract from the overall record of substantive accomplishments achieved over the course of 2024.

Looking ahead, as key business drivers are rigorously considered, it is timely that work on new Strategic and Business Plans is to be undertaken in 2025. If 2024 can be regarded as the year in which PCRIC demonstrated what was possible as the organisation nears completion of its first ten years in operation, 2025 may well become known as the year in which the pathway to longer-term sustainability for PCRIC was mapped out, resourced and initiated.

2.0 Progress Against M&E Framework Indicators



Image Supplied

Introduction:

To address the final Monitoring and Evaluation (M&E) reporting obligations for 2024 in the most efficient manner, this report acts as both a six-monthly and annual report against the performance indicators set for the five Strategic Themes recorded in the Revised Monitoring and Evaluation Framework (June 2024).

Table 1 below retains detail reported for the Jan-Jun, 2024 period, captures additional data for the period Jul-Dec, 2024 and provides annual summary data as well. Table 2 subsequently builds on this, providing a mix of general comments, learning points and guidance considered pertinent to each indicator. This approach provides the Board, the PCRIC team and other stakeholders with a single M&E reference document for the year and also establishes a solid platform of data and information from which the newly appointed Monitoring and Evaluation Specialist can work forward.

The nature of the current M&E Framework and indicators does not require input from external sources, and consequently outcomes and observations reported have been informed by data and information drawn primarily from direct enquiry with PCRIC staff and advisors, this largely captured during the research and content gathering phase of compiling the 2024 Annual Report.

Performance Overview:

As noted in the M&E report for the first six months for 2024, the cyclical nature of PCRIC's business, the typically long gestation period ahead of securing a firm commitment to purchase, and the scope of endeavour required to complete and deliver technically complex outcomes dictates that not all indicators are directly relevant to a discrete reporting period, and that the pace of progress against various indicators will not be uniform. In certain instances, PCRIC has very limited capacity to influence the pace and magnitude of advance towards a targeted outcome either because of resource restrictions, or dependency on third parties which are working to their own priorities.

Nevertheless, the Board can be confident that the Monitoring and Evaluation assessment undertaken for the period in review provides a highly reliable measure for overall performance of the entity. In this regard, viewed against the background of the report covering the first half of 2024, which itself highlighted the substantial progress and accomplishments secured on top of a strong 2023, the findings detailed below evidence that the upward trend of operational accomplishment seen earlier in the year continued throughout the second half of the year as well.

Key markers of performance during the period which speak directly to the indicators included the following:

- policy redesign work for Tropical Cyclone, Earthquake, Tsunami and Excess Rainfall was successfully completed ahead of the new policy season
- donor-sourced premium finance was mobilised to assist with policy affordability for client nations
- the new policy season (2024-25) saw PCRIC achieve the following record outcomes:
 - the highest number of active policies (8)
 - the largest number of countries to have active policies (7)
 - the most hazards covered by policies (17)
 - the highest total value of coverage provided (US\$52M)
- the earthquake event in Vanuatu triggered a policy payout which was made to the government of Vanuatu within 14 days. This affirmed the capacity of payout mechanisms and processes to meet the payout target of a maximum of 30 days post-event
- the collaboration with GSSP led to the signing of a further grant agreement under their Risk Pools Thematic Window for €2.5M. This is to be used to fund a mix of educational initiatives that will further strengthen PCRIC's DRF specialist footprint across the region, and product development work in select non-sovereign market sectors
- the collaborations with GSSP and WFP led to a record number of workshops around the region being supported by PCRIC both raising visibility and further embedding PCRIC as the region's key DRF specialist provider

- Senior PCRIC team members and advisors were invited to participate in or contribute to an unprecedented number of global DRF and Climate related for a, including multiple side events at COP29, a key indicator of growing acceptance of PCRIC’s position in the global DRF arena
- the soft launch of the new website laid the platform for a new level of brand visibility and digital engagement with PCRIC
- the return on investments by year end was 10.01%, well above the minimum target of 2.0% annually.

In contrast to the positive performance outcomes detailed it is important to acknowledge those areas where progress was not as timely as desired. These included the following:

- the intern and scholarship program was effectively on hold throughout the entire year due to lack of funding (pending outcome of a grant proposal to GSSP)
- no tangible progress was made on development or implementation of the Joint Disaster Risk Financing Technical Assistance program with PIFS
- development of corporate policies and regulations continued to lag behind expectations
- the drought policy initially announced in 2023 remained pending at year end
- development of non-insurance products and solutions remained pending
- the Statement of Financial Performance for the second half of the year showed a deficit of US\$1.072M (due in large part to the impact of the payout to Vanuatu).

Performance Review in Detail:

Table 1 below provides detail on performance against indicators. It is a composite of information for both the first and second halves of the year, plus an annual summary. This provides for easy comparison between the two half-year periods and informs the year-end position without the need to refer to multiple reports. Information for Jan -Jun, '24 is in the pink shaded cells and Jul-Dec, '24 in the blue shaded cells. Summary details for the full calendar year 2024 is shown in the purple shaded cells.

In addition, each Indicator attracts a colour coded rating. Green indicates that the target or objective was achieved as of the end of 2024. Amber indicates further work is required before the target or objective is met. Indicators noted as ‘ongoing’ mean that the task / activity will continue as a part of normal business operations or as continuous improvement action. Those noted as ‘pending’ are either exposed to timing or prioritisation tied to third party involvement, or have been afforded a lower prioritisation of resource allocation in favour of more pressing business objectives.

As was the case at the end of June, across all five Strategic Themes, it was the group of indicators assigned to Technical Capability that attracted the highest proportion of amber / pending ratings. Importantly, this outcome should not draw into question the focus or application of PCRIC technical resources. Rather, it reflects the nature of this Strategic Theme as the one which addresses the most complex technical and legal matters which call for cautious discipline and additional external resourcing

or assistance to action and complete. It is here in particular where advances toward accomplishment are hugely dependent on external parties over which PCRIC has only limited influence.

Noteworthy is the fact that the Dec,2025 targets set for a number of indicators had been met or exceeded by year end. These included:

- the number of outreach mission undertaken
- the number of regional DRF workshops in which PCRIC was engaged
- the number of countries taking out policies
- the establishment of access to premium finance for all sovereign clients
- the capacity to make a policy payout within 30 days of an event
- enhanced visibility through strategic marketing and communications
- closer engagement with risk pools, regional and global DRF partners
- annual investment income above 2.0%

Table 1 provides more granular detail on the above and affords a greater understanding of the factor which contributed to the overall strong performance across the Strategic Themes during in 2024.

Table 1: Performance Against Indicators

PCRIC Strategic Themes	Indicators	Unit	Baseline (Jun 23)	Target (Dec 25)	Comments	Rating*
Regional Integration - Becoming a Pacific Islands Institution	Indicator 1: Number of <u>country outreach programs</u> held with PCRIC members and non-member countries	Number	3	10	4 country missions undertaken – 2 to eligible non-member countries (Nauru, FSM), 2 to existing member countries (Vanuatu, Niue). As at the end of the period a total of 7 outreach missions had been undertaken since the baseline of June, 23.	Target Achieved / Ongoing
	3 missions undertaken to member countries (Cook Islands, Tonga, Samoa). These had a focus on securing policy commitments ahead of the 2024 season commencement (1 Nov) and were successful in that ambition.					
For the year a total of 9 country outreach missions has been undertaken - 2 missions to non-member countries and 7 to member countries. This brought the total number of missions since the June,23 baseline to 12, exceeding target.						
	Indicator 2: Number of <u>regional workshops on DRF</u> hosted, co-hosted, or attended by PCRIC with partners	Number	3	8	3 workshops were held / attended: First ever regional DRF workshop (February, 24 - Suva) was undertaken in collaboration with the UK Centre for Disaster Protection (CDP), United Nations Capital Development Fund (UNCDF), United Nations World Food Program (WFP) Joint Mission to Solomon Islands (February, 24) - DRF workshop in support of development of National DRF Strategy. Joint mission to Vanuatu (June, 24) - DRF Workshop in support of development of National DRF Policy. As at the end of the period a total of 4 regional DRF workshops had been hosted or attended since the baseline of June, 23.	Target Achieved / Ongoing
	7 workshops were held / attended in this period: Global Shield (Fiji, RMI, Tonga); FAO - Pacific SIDS Solutions Forum (Nadi); WFP - DRF Workshop (Tonga); National DRF Workshop (Fiji); ADB - Insurable Infrastructure in the Pacific Workshop (Fiji).					
	For the year a total of 10 regional DRF workshops had been hosted or attended, bringing the total since the baseline of June, 23 to 14 workshops , well exceeding the target set for Dec,25.					

	<p>Indicator 3: PCRIC <u>Internship program</u> with USP and the <u>scholarship program</u> for post-graduate students in PICs launched and implemented</p>	Yes/No	No	Yes	<p>For the period PCRIC retained one intern (Nicole Powell).</p> <p>The full-time position of Executive Assistant was accepted by the intern in July,24, with no further internships initiated. Nov, 24 saw the formalisation of a grant agreement with GSSP for a sum of €2.5M, a portion of which is tagged for educational initiatives including internships and scholarships.</p> <p>The internship and scholarship program was essentially on hold throughout much of 2024 due to funding constraints. With GSSP grant funds secured, by year end the focus turned to planning for implementation in line with the requirements of the GSSP grant. This will see the target set for this indicator met within the established timeframe.</p>	Pending
	<p>Indicator 4: Joint Disaster Risk Financing <u>Technical Assistance program</u> with PIFS developed and implemented</p>	Yes/No	No	Yes	<p>PCRIC was an active member of the PIFS led DRF Technical Working Group, which is mandated by the FEMM to be its technical advisor on DRF related issues. The DRF TWG held one meeting in the period (May, 24). PCRIC featured in a PIFS led Pacific Resilience Partner webinar (April, 24).</p> <p>No specific activities pertaining to this indicator were recorded for the second half of the year.</p> <p>As was the case at the mid-year point, by year end there was little advance in the clarity around the specifics and degree of PCRIC’s involvement and influence on the ‘Joint DRF Technical Assistance’ program. This indicator is tagged for reconsideration within a further revision of the M&E Framework recommended for 2025.</p>	Pending
	<p>Indicator 5: Number of <u>countries purchasing insurance</u> per season</p>	Number	3	7	<p>With November of each year representing the commencement of the new policy season, no new sovereign policies were purchased in the period under review. However, purchases of PCRIC’s first non-sovereign policies were made in the period – PNG: SOE - PNG DataCo (EQ), and Fiji: NGO - Vatuvara Foundation.</p> <p>A total of 7 policies (5 sovereign and 2 non-sovereign) providing coverage for 10 hazards were active at the end of June,24.</p> <p>Policy renewal / commencement in Nov, 24 resulted in 6 sovereign policies (Cook Is., Fiji, Niue, Samoa, Tonga, Vanuatu). In addition, 2 non-sovereign policies (PNG, Fiji) signed earlier in the year</p>	Target Achieved / Ongoing

					<p>remained in place, delivering a total of 8 policies across 7 countries providing coverage for a total of 17 hazards to a total coverage value US\$52.75M</p> <p>2024 delivered the highest number of active policies, hazards covered and total value of coverage in PCRIC history. Policies were taken up in a total of 7 countries, one of which (PNG) related to a non-sovereign policy. Arguably, the target set for this indicator for Dec,25 has been met.</p>	
	Indicator 6: PCRIC is able to <u>provide premium finance</u> for countries	Yes/No	No	Yes	<p>With no new sovereign policy signings, there was no call for premium subsidisation in the period, though the funding and capacity to do so was in place.</p> <p>Premium finance provided by Germany through the GSSP (\$2.5M) and from the UN WFP (\$1.0M) plus \$0.18M of PCRIC's own capital was used to finance policy purchases by sovereign clients. This subsidisation represented 78% of the total premiums payable for sovereign policy purchases.</p> <p>Access to premium finance for sovereign clients played a significant role in enhancing affordability for sovereign clients. This contributed to the record level of policy and coverage take-up in 2024. The objective of this indicator has been met.</p>	
Technical Capability - Operate Regional Open Risk Information and Underwriting Platforms	Indicator 7: All relevant <u>Company policies developed, and control functions established</u> as required by the draft FSC Regulations for PCRIC to operate as a <u>Segregated Portfolio Company</u>	Yes/No	No	Yes	<p>The expectation is that new regulations will come into force in the first half of 2025. Meanwhile, PCRIC will progress with development of the relevant policies and control functions with assistance from the UK Centre for Disaster Protection and the UK Government Actuary's Department.</p> <p>The task for drafting Regulations for PCRIC rests with the Cook Islands Crown Law Office, with assistance from the New Zealand Parliamentary Counsel Office. The Regulations will address:</p> <ul style="list-style-type: none"> • Capital and solvency requirements • Governance and risk management • Reinsurance • Conduct of business • Approval of segregated portfolios <p>The timeline for achievement of the target for this indicator is beyond the control of PCRIC, with the CLO continuing to suffer capacity constraints and workload challenges. The Regulations</p>	Ongoing

					will be principles based, with the detail of the above being covered by prudential guidelines, issued by the FSC. PCRIC and FSC will work together on those. It is hoped completion of the task will occur during 2025.	
	Indicator 8: Number of <u>Excess Rainfall</u> and <u>Drought</u> policies sold	Number	0	3	No policy purchases during the period (ref. Indicator 5). Development of drought policies not yet completed, with market availability anticipated in 2025.	Ongoing
					Commencement of the new policy season (1 Nov,24) saw Fiji renew its XSR coverage and Samoa take up XSR coverage for the first time.	
					At year-end two policies provided coverage for XSR and World Bank support with development of the drought impact product continues. When available (ahead of 2025 season) it is anticipated that, subject to affordability, countries such as Marhsall Islands, Nauru, FSM will be likely early clients. It is anticipated that the target set for this indicator will be met within the established timeframe.	
	Indicator 9: Redesigned <u>Tropical Cyclone</u> and <u>Earthquake</u> Product models <u>operationalised</u> and <u>migrated</u> to the ‘people impacted model’	Yes/ No	No	Yes	Technical development / refinement continued during the period. Target date for operationalisation was 1 Nov,'24 in line with annual policy renewal / commencement.	Completed
					New policy designs were available ahead of the 2024 season and contributed to the move from 8 hazards covered in the 2023 season to 17 covered in the 2024 season.	
					2024 saw this target met. Further refinement of the new designs should be considered likely ahead of the 2025 season, particularly if a series of claims are made in the interim.	
	Indicator 10: Number of <u>non-insurance products/solutions</u> developed	Number	0	1	Pipeline for non-insurance products remained constrained over the period with nil outputs.	Pending
					The primary focus of technical resources over the second half of the year was on completion of the policy redesign work, with this endeavour attracting limited consideration.	
					At year end no further progress had been made against this indicator. The possibility of a contingency fund to address uninsured loss remains open for consideration but is regarded as being some time off given modest donor interest. It is anticipated	

					that the target for this indicator will not be met within the timeframe.	
	Indicator 11: <u>PCRIC-developed risk profiles</u> are available as DRF tools for the region	Yes/ No	No	Yes	<p>PCRIC’s risk information platform remained live.</p> <p>PCRIC’s risk information platform remained live throughout the period, allowing users to view key risk metrics for TC and combined EQ/TS risks based on the original AIR risk model.</p> <p>Updates to the hosted data remain outstanding. This represents a compromise to data quality in so far as it does not reflect adoption of the new policies. Discussions with World Bank re their risk viewer platform are ongoing, aiming to ensure there is no duplication of effort or unexplained variance in data sets for countries.</p>	Pending
	Indicator 12: <u>Updated Country Risk Profiles</u> for TC, EQ and Drought for PCRIC member and non-member countries developed with partners	Yes/No	No	Yes	<p>Technical development / refinement continued during the period, but updates were not concluded during this period.</p> <p>Updated profiles for TC and EQ were completed in 2H24 but deemed not yet ready for public release. Drought has not been completed, but is anticipated to be available in 2025.</p> <p>Release of updated profiles remain outstanding, but there is expectation that World Bank will fund further development of these in 2025.</p> <p>Grant funding secured from GSSP in late 2024 to develop policies for non-sovereign clients and key sectors also includes development of risk profiles.</p>	Ongoing
	Compelling Value Proposition - Appropriate Client Management and Broader Stakeholder Expectation	Indicator 13: <u>Monitoring and Evaluation</u> conducted	Yes/No	Yes	Yes	<p>A report for 1H,24 was completed in Oct,24 and was the first M&E activity undertaken under the new M&E Framework.</p> <p>The report for 2H,24 is combined within this document. Development of the new website opened up the opportunity for developing data on the Impact of PCRIC’s work, an element omitted from the current M&E Framework.</p> <p>Though there was a hiatus on delivery of M&E services for a large part of the year, this was rectified in Q4,24. This document closes off the task for full year 2024.</p>
	Indicator 14: Evidence of <u>enhanced visibility</u> of PCRIC due to strategic marketing and	Yes/No	Yes	Yes	The core strategy for marketing and communications over the period was to provide targeted support for the country outreach program, not only when in-country but preceding and subsequent	

	communication				<p>to activities to reinforce key messaging and imprint the PCRIC brand. This strategy created a multiplier effect from any single event.</p> <p>In addition, specific collateral and other forms of support were provided to the senior team for presentations directed at both regional and global audiences.</p> <p>Social media performed a pivotal and very positive role in raising visibility, especially as regional media continued its focus on paid placement of articles in preference to taking up Press Releases as free-of-charge 'news' articles.</p> <p>Through ever-improving comprehension of core business drivers, continual creative refinement of messaging yielded very positive gains in communications impact.</p> <p>The 2023 Annual Report was released in the period and set a new standard for this critical annual publication. Anecdotal evidence suggests a highly positive response from a wide array of stakeholders.</p> <p>Major visibility activities / events included FEMM24, COP29, PLM53,CHOGM. A completely new website was also developed providing a much improved online presence for PCRIC. Across this period, the reach of social media became increasingly constrained as Facebook algorithms became increasingly sensitive to a wide range of key words regarded as politically or socially sensitive. In addition, cross-border posting from a single account became increasingly difficult, again due to sensitivity and security concerns, with the risk of account shut-down for Comms team.</p> <p>As reflected in the Annual Report 2024, PCRIC enjoyed a further lift in regional and global visibility over 2023 through a combination representation at multiple events and a sustained high level of engagement with social media, the latter which is now at risk.</p>	Ongoing
Global Partnering	Indicator 15: Number of PCRIC funding proposals developed and funds secured	Number	0	5	<p>4 Proposals (GSSP Jan,24. GSSP Thematic Window Feb,24. Japan May,24. UK Jun,24)</p> <p>€10M in funds from Germany for premium financing were secured through GSSP (signed on 15 April 2024). The first tranche of €5 Million was released in May 2024 with the second tranche of €5 Million due to be disbursed by June 2025.</p>	

					<p>By year end there had been verbal confirmation of UK FCDO commitment to a £5.3M capital grant, to be actioned in early 2025. Grant Funding of €2.5M sought through the Risk Pool Thematic Window was signed off in Nov,24. No new proposals were developed in the second half of the year.</p> <p>Of the 4 proposals submitted during 2024, 3 have yielded positive outcomes. The proposal submitted to Japan remains open but doubtful. Dialogue with Japan and also ADB continues. Progress against this indicator is well on-track.</p>	Ongoing
	<p>Indicator 16: Evidence of <u>closer engagement</u> with other risk pools, regional sovereign, and global partners in the DRF space</p>	Yes/No	No	Yes	<p>PCRIC partnered with the Centre for Disaster Protection to deliver a successful regional DRF workshop in Fiji, Feb'24. PCRIC actively participated in the third Risk Pool Summit 2024 at the Global Shield Annual conference, Frankfurt. PCRIC worked closely with the WFP on a scheme that aims to provide additional premium subsidy support in 2024. Excluding many informal meetings on the sidelines of key events, and in addition to the above itemised activities, a total of 8 formal engagements with global partners / stakeholders were undertaken during the period. Inclusive of all formal engagements (excluding country missions and DRF workshops), since the baseline of Jun,23 a total 16 key meeting with partners in the DRF space have been undertaken.</p> <p>During 2H,24 engagement with other risk pools included : GSSP Inaugural Climate Risk Finance Forum (Germany); Annual Risk Pool CEO Summit (Germany); Joint Risk Pool side event conducted at COP 29 (Azerbaijan); ADB Climate Insurance Forum (Philippines).</p> <p>Pertaining to global DRF partners: MoU with UN WFP was signed covering collaboration on technical support and premium finance. The collaboration with GSSP saw PCIRC participate in multiple workshops held in the region. There was also multiple global engagements (AFD, ADB, EU, FAO etc)</p>	Ongoing

					Throughout 2024 engagement with DRF partners has been prioritised, in part to ensure PCRIC is deeply embedded in both regional and global DRF ecosystem, in part to draw attention to the special needs of the Pacific nations, and in part to maximise opportunities for exposure to potential donors. The requirements of this indicator were fully met over the year.	
Operational Excellence	Indicator 17: PCRIC makes a <u>full insurance payout within 30 days</u> of the occurrence of a covered (insured) event	Yes/No	No	Yes	No qualifying events for the period. The protocols to make payouts within the parameters of this indicator remain in place.	Ongoing
					A 7.3 earthquake struck Vanuatu on Dec 17, 2024 severely impacting the capital Port Vila. This triggered calculation and policy payout processes and resulted in a payout of US\$1.2m being made within 14 days.	
					This event acted as a vital test-case for calculation and payout mechanisms under the new policy design. Though payout was initiated by PCRIC on 24 December, with PCRIC CEO travelling to Vanuatu to symbolically present the payment to government officials on 30 December, due to bank processing delays (in the peak holiday period) funds were not cleared for deposit in GoV bank account until 8 Jan, 25. This still fell well within the target 30 day payment window, meeting the targeted objective of this indicator.	
Indicator 18: The Company has a <u>projected surplus for FY25/26</u> after allowing for average expected claims expense, reinsurance recoveries, and investment income on a best estimate basis	Yes/ No	No	Yes	As of June, 24 the Company recorded a surplus of \$1.115M.	Ongoing	
				The net financial position recorded for the six months to end Dec,24 was a deficit of US\$1.072M. This reflects in part the payout of US\$1.2M made to Vanuatu in December.		
				The net position for full calendar year 2024 was not available at time of report completion, but based on the above unaudited data the outcome would appear to be close to break-even.		
Indicator 19: <u>Investment income</u> above 2.0% annually	Yes/No	Yes	Yes	Investments at the start of 2024 were \$26,431,612. The actual investment income (interest and dividends) was \$1,061,139 (i.e. 4.01% of the opening value). In addition, PCRIC made \$1,586,384 (6.00% of the opening value) in market movements. Total investment income = \$2,647,523, equivalent to 10.01% return on opening value at year end.	Ongoing	

3.0 Charting the Way Forward

The intent of Table 2 below is threefold. First, to flesh out the broader context behind some indicators. Second, to introduce some qualitative nuance to performance measures, and third, to offer up learning points, options and suggestions that may be considered in navigating the way through to and beyond the end of the current planning period (December, 25).

Table 2: Considerations for Future Performance

PCRIC Strategic Themes	Indicators	Comments
Regional Integration - Becoming a Pacific Islands Institution	Indicator 1: Number of country outreach programs held with PCRIC members and non-member countries	<p>The country outreach program continued at full pace throughout 2024 and resulted in the targeted performance indicator being exceeded a year ahead of plan. Missions included an increased focus on non-member countries. This has opened doors to enable PCRIC to extend its reach to include EU and UK overseas countries and territories, addressing the needs of a broader sovereign and non-sovereign market.</p> <p>As was the case at the mid-year point, the challenge ahead will be to balance ‘marketing’ activities to a larger potential sovereign and non-sovereign client base which act to raise expectations, and the ‘back office’ capacity to manage prospects to a positive conclusion whilst simultaneously addressing the unknowns regarding ongoing availability of premium finance.</p>
	Indicator 2: Number of regional workshops on DRF hosted, co-hosted, or attended by PCRIC with partners	<p>The funding provided by GSSP enables PCRIC to continue into 2025 and beyond the delivery of cost-effective face-to-face DRF workshops which have been universally well received during the course of 2024. These provide useful networking opportunities, are a valuable opportunity for knowledge transfer and building in-house capabilities within government departments in addition to effectively serve as a tangible form of marketing for PCRIC.</p> <p>Despite the support from GSSP, delivery of workshops remains a resource-hungry endeavour for PCRIC for which the evidence of sustained value and success is at best anecdotal. Staff turnover in government departments means there is perpetual knowledge and capacity leakage, creating pressure for repetition of workshops, in somewhat of a potentially endless cycle. This situation hints at the need to reconsider the modalities for outreach and knowledge transfer at this level, particularly given the high levels of digital literacy and access present throughout the region, only enhanced by the advent of opportunities available through AI.</p> <p>Consideration could now be given to reorienting market expectations and establishing the capability to deliver virtual training / knowledge sharing workshops, using modules accessible online which can</p>

	reinforce, supplement or replace physical workshops. Content need not be originated by PCRIC but secured from myriad sources and refined to PCRIC specific needs. Any developments in this regard would not be undertaken in isolation of the related initiatives now possible with financial support from GSSP (refer below).
Indicator 3: PCRIC Internship program with USP and the scholarship program for post-graduate students in PICs launched and implemented	<p>Other than the transition of the one intern retained by PCRIC to the role of Executive Assistant in Jul,'24, the intern program was in somewhat of a hiatus throughout 2024. Largely this was due to the absence of immediately available funding, a situation remedied in late 2024 with the formalization of the GSSP grant directed towards supporting product development and education initiatives including scholarships and internships.</p> <p>Opening up the opportunity for partnerships with regional universities to deliver CDRFI courses through regional campuses and online, particularly if they fashioned as a formal vocationally-oriented qualification, will do much to motivate take-up and directly contribute to knowledge and capacity building within regional governments.</p> <p>Ultimately, some prioritisation and rationalisation of activities covered by Indicators 2 and 3 will likely be required to avoid duplication or double-dipping, and to balance the overall demand placed on PCRIC resources through facilitating these value-add services.</p>
Indicator 4: Joint Disaster Risk Financing Technical Assistance program with PIFS developed and implemented	<p>PCRIC continued to be an active member of the PIFS led DRF Technical Working Group (mandated by the FEMM to be its technical advisor on DRF related issues) throughout 2024 though there remains limited clarity around the specifics and degree of PCRIC's involvement and influence on the 'Joint DRF Technical Assistance' program.</p> <p>It would seem timely to revisit this initiative to determine if the Indicator remains valid in which case should it be retained, accountability for progress must be made more visible. If no longer of merit, then removal of the Indicator from the M&E Framework would seem appropriate.</p>
Indicator 5: Number of countries purchasing insurance per season	Better levels of understanding of DRF and the merits of pre-arranged protection against the financial impact of disasters combined with freshly revised policies, plus access to premium subsidies drove this indicator to best-ever levels in 2024. The challenge into the future, despite clearly growing demand for PCRIC's products, will be to retain the current pool of clients and build on this whilst addressing particular uncertainty in regard to premium affordability brought about by the absence of any firm medium- or longer-term commitments in place for financing of premium subsidies.
Indicator 6: PCRIC is able to provide premium finance for countries	Refer comments against Indicator 5. Notwithstanding growing desire within the market to secure pre-arranged disaster protection, affordability is a key consideration for client nations. With PCRIC securing premium finance ahead of the 2024 season, a precedent has now been set which, in the absence of systemic annual replenishment of funds, now represents a significant risk to both retention of existing clients and appeal of policies to potential new clients. This degree of risk to the sustainability of the level of policy uptake achieved in 2024, let alone future uptake is regarded as high, warranting prioritised strategic attention.

Technical Capability - Operate Regional Open Risk Information and Underwriting Platforms	Indicator 7: All relevant Company policies developed, and control functions established as required by the draft FSC Regulations for PCRIC to operate as a Segregated Portfolio Company	PCRIC is able to function fully under the Cook Islands PCRIF Act 2021 without these Regulations being finalised and passed. The absence of regulations poses thus no immediate threat to business continuity. Nevertheless, the Regulations will provide further guidance and structure for the company going forward. Though assistance is being provided by New Zealand, the capacity constraints of the CI Crown Law Office stand as a significant barrier to progress. The need to elevate the priority of this task may to some extent be determined by any limitations the absence of regulations might impose on establishment of segregated cells in pursuit of business development strategies.
	Indicator 8: Number of Excess Rainfall and Drought policies sold	The purchase of XSR coverage by Fiji and Samoa in the 2024 season can now be leveraged as a precedent to attract other nations to this coverage. Drought coverage is particularly important for more northerly located countries (RMI, Kiribati, FSM) and the pent-up demand for this product can be expected to be satisfied in the 2025 season. However, the matters raised in reference to Indicators 5 & 6 may need also to be factored in to how aggressively the new drought product is marketed to new clients.
	Indicator 9: Redesigned Tropical Cyclone and Earthquake Product models operationalised and migrated to the ‘people impacted model’	The advent of near-miss events and those which do trigger a policy payout through the course of late 2024 and through 2025 will provide some guidance to further possible refinement of these products ahead of the 2025 season.
	Indicator 10: Number of non-insurance products/solutions developed	Some form of “Basis Risk Fund” to address uninsured loss (where an event fails to trigger a policy payout) remains in the concept phase. The complexity of considerations involved including donor appeal mean this initiative has no firm target date for completion / implementation and as such the merit of retaining a specific indicator in the M&E framework should be reassessed.
	Indicator 11: PCRIC developed risk profiles are available as DRF tools for the region	<p>PCRIC has secured funding from GSSP to host all available risk profiles on a risk-viewer platform to ensure countries have access to the most up-to-date risk information that PCRIC uses to design policies. This work will be undertaken in 2025 and will take into account the risk information available from development partners such as the World Bank and the Asian Development Bank.</p> <p>In addition, PCRIC has secured funding from GSSP to investigate the feasibility of a parametric product for extreme heat, and also products for State-Owned Enterprises and/or key economic sectors. This work may result in additional risk profiles being developed, which would also be hosted on PCRIC’s future risk-viewer platform.</p>
	Indicator 12: Updated Country Risk Profiles for TC, EQ and Drought for PCRIC member and non-member countries developed with partners	Updated risk profiles for TC and EQ for all 14 PICs were developed by Reask and Temblor in 2024 under contracts with the World Bank, while risk profiles for a selected group of priority countries are available for XSR, developed by JBA. PCRIC has undertaken prior work with WTW for a selected group of countries to assess drought risk, which will be taken forward in 2025 in collaboration with GeoSy to develop country risk profiles for these countries.

Compelling Value Proposition - Appropriate Client Management and Broader Stakeholder Expectation	Indicator 13: Monitoring and evaluation conducted	<p>The onboarding of an in-house M&E resource will not occur until Jan,'25. Delays in securing a replacement of the previous M&E Advisor have meant that the ambitions of the Revised M&E Framework (June, 24) have not been met in terms of quarterly reporting. Six monthly reporting is late, but now complete with this second and final report for 2024.</p> <p>Introduction of an interim adviser has highlighted a number of enhancements that can be introduced to the M&E process and these will be shared with the new M&E Advisor. These will ideally lead to modifications the current M&E Framework. Notably, the current Framework considers only quantitative data, and excludes any necessity to engage with external parties to secure input to any of the 19 Indicators. Further, a factor critical to addressing expectation of donors is evidence of impact – something overlooked in the current M&E Framework. It is recommended that this be addressed as a high priority in early 2025 by the incoming M&E Advisor.</p>
	Indicator 14: Evidence of enhanced visibility of PCRIC due to strategic marketing and communication	<p>Constraints on the Communications budget have narrowed the range of communications and marketing initiatives able to be implemented. Digital communications focused on social media, and the new website now form the core of ongoing marketing and communications support. Further enhancements to the website will occur in early 2025.</p> <p>The provision of budget specifically to boost social media messages (from Jul,24) has dramatically extended visibility across that medium. However, the tightening of restrictions around content and cross-border postings are limiting the traditional benefits and reach of this medium. The Comms Advisors are assessing options and work-arounds that do not risk ongoing access to Facebook / Meta.</p> <p>There is great capacity to extend the reach of communications through short videos, however budget constraints impose a limit on what is possible.</p> <p>To maximise the value and impact of the Comms budget greater effort is required to ensure the Comms team has an informed and regularly updated view of planned activities. Additionally, the direct inclusion of a Comms representative in key events and activities will enhance the understanding of the broader context and contribute directly to better informed Comms outputs.</p> <p>For 2025, in light of the need to secure funding for both premium subsidies and operational costs, a revision of the Comms and Marketing Strategy and priority messaging is recommended.</p>
Global Partnering	Indicator 15: Number of PCRIC funding proposals developed and funds secured	<p>At the end of 2024, with commitments from UK and GSSP now confirmed, the forward challenge for PCRIC is to find willing targets for new funding proposals, most immediately directed towards Operational Costs and Premium Financing. Once considered a possible source for additional funding, the change in political leadership and policy priorities in the US is interpreted as meaning the prospects for favourable consideration of any funding proposal from PCRIC have now dramatically declined. The sourcing of additional funding represents a key risk, priority and challenge for the Company in 2025 and beyond.</p>

	<p>Indicator 16: Evidence of closer engagement with other risk pools, regional, sovereign, and global partners in the DRF space</p>	<p>As evidenced in the Annual Report for 2024, PCRIC was engaged in a wide array of engagements both within and outside the region, including with key stakeholders in Japan, Bangkok, Frankfurt, London, Manila, Azerbaijan. Reflecting the most pressing needs of the business moving forward, visibility is now less of an issue than several years ago and for 2025 it may be beneficial to optimise use of resources by prioritising events according to their value in identifying / connecting with funding opportunities. This would help ensure the most appropriate allocation of human resources to sourcing funds, whilst others take up more of the ‘representational’ activities.</p>
<p>Operational Excellence</p>	<p>Indicator 17: PCRIC makes a full insurance payout within 30 days of the occurrence of a covered (insured) event</p>	<p>The experience with Vanuatu late in 2024 validated the claims and payout mechanism with funds transferred with 14 days of the event. It is worth noting that at the client end delays were experienced in placing funds in the appropriate account. It would be useful to gain an understanding of the issues at play here to minimise the possibility of a repeat of this delay – potentially beyond PCRIC control, but still impacting perceptions of PCRIC’s performance.</p>
	<p>Indicator 18: 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.</p>	<p>The forward view at the end of the review period is that through persistent engagement with donors a grant to address operational costs will be secured for FY25/26. Meanwhile, the effective management of resources and implementation of strategies to mitigate negative influences (e.g. an upward revision of policy pricing to improve margins) can be prioritised.</p>
	<p>Indicator 19: Investment income above 2.0% annually</p>	<p>From a risk return perspective, the intention is to maintain investments with above “A” rated Global Investment Firms dealing with fixed income securities such as PIMCO. For equity investments, it will be managed by reputable Investment Fund Managers such as Forsyth Barr. As per the current trend, the projected yield is anticipated to remain above 2.0%.</p>

In looking to the future, it is important to be clear on the dynamics and drivers behind the positive outcomes of 2024. This will help guide decisions on strategic focus and priorities for 2025 and beyond.

The step-up in 2024 in terms of policies taken out and the number of hazards covered was unquestionably the fruit of three key factors:

- an exceptional level of effort by the PCRIC team to influence the mindset of key decision makers
- the advent of redesigned policies, and
- the introduction of premium subsidies which delivered client nations with substantive improvements to affordability of their disaster risk coverage.

The new policy designs attracted broad market appeal with their greater transparency and adaptability; ease of comprehension; a focus on the people impact rather than physical impact, all characteristics which arguably diminished a number of barriers to uptake encountered previously. The introduction of a long-mooted drought related policy option in 2025 will be a further positive move in terms of PCRIC's capacity to satisfy the now clearly increasing demand from the market for appropriate DRF solutions.

Undoubtedly, demand was also driven by access to donor funded premium subsidies, which for the 2024/25 season saw donors finance a combined 78% of the cost of sovereign policy premiums.

Though in the absence of appropriate data it cannot be confidently quantified, at this level of subsidisation it would seem safe to suggest that were donor funds unavailable in the future, the market response would be a marked decline in demand due to the budgetary constraints sovereign clients face.

This has several implications for the business which in the past 12-18 months has seen a significant lift in awareness of the merits of parametric insurance as a DRF tool; has generated significant momentum in the market; and is now well-positioned for a period of solid growth in policy and coverage demand. The most pressing of these is the underlying business and funding model and what this means for sustainability of the enterprise.

Currently, premium finance is available from only two sources and in very finite quantities, with no clear visibility of medium- to longer-term commitments from these sources (GSSP / WFP). Additionally, with no clearly willing additional partners immediately evident, formal proposals for additional further premium finance appear to be some time away. In such circumstances, growth in the number of sovereign clients at the next renewal date will have a direct impact on the quantum of subsidy available to both new and existing clients. Should new clients join PCRIC, this will directly reduce the maximum available cost offset for each country, delivering a reversal of some of the gain in affordability offered by premium subsidisation in 2024. Logically, this can be expected to lead to a drop in demand, especially among existing client nations. This 'Catch 22' scenario highlights the sustainability risks associated with any dependency on premium subsidies as a driver for demand and/or growth, especially without longer-term funding commitments in place.

Arguably for donors, compared to additional contributions to the PCRIC capital base which are essentially fully preserved, risk-free transactions, premium subsidy finance is a particularly vexing consideration. In this case there is a 100% 'burn rate' of funds, which in the absence of any payout

against a subsidised policy (which may take years to occur) makes it difficult to point to a tangible benefit or outcome, with the funds otherwise flowing directly to the revenue streams of global insurers. Through this lens, prospects for successfully influencing demonstrably risk-averse donors to prioritise a recurrent premium financing facility over other aid and development budget priorities, can be expected to face significant headwinds into the future, especially within the larger matrix of ‘climate finance’ funding.

Given this perspective, it would seem a strategic imperative that PCRIC reconsider affordability and explore the widest possible array of options for addressing this key business driver. This might include imposing a diminishing cap on the percentage or absolute value able to be covered by premium finance, which could in turn encourage donors to reconsider their position. With the other side of affordability being industry price settings for insurance to the PCRIC risk pool, another option might be to facilitate a move away from annual premium payments to periodic payments which, even if resulting in higher premiums overall, may better align with budget and cashflow realities of sovereign clients. A further part of an affordability solution may be to consider how the significantly upsize the risk pool to secure better pricing.

A further consideration in all of this is the impact of subsidy availability on industry pricing. It is not uncommon in the presence of third party / public subsidies to see the private sector take advantage of the situation by pursuing an incremental gain in margin, given that the ultimate beneficiary is not the party picking up much of the cost. The extent to which this might occur is unquantified, but the pricing signals communicated by the availability of premium finance is something of which PCRIC should be mindful.

Concurrent with the sustainability challenge presented by premium affordability is the issue of meeting operational costs, something which the current pool of donors has shown great reticence to directly consider. This is despite a long history of the same donors recognising that the benefits and outcomes generated by regional and multi-lateral organisations (e.g. PIFS, SPREP, SPC, ADB, World Bank etc) come about only with the costs of doing business being covered over the long term by taxpayer funded contributions. With the current use of capital funds to cover operating costs recognised as ultimately unsustainable, and with income from premiums falling far short of making a net positive contribution to revenue, a further strategic imperative in 2025 and beyond must be to secure reliable sources / mechanisms for funding these costs at least for the medium term (2-3 years), if not the longer term. In this regard targeting of potential donors arguably requires a rethink moving forward, especially given the recent change in political influence on aid and government expenditures in the USA and the potential ripple effect around the globe.

Options for generating funds to offset operating costs could include approval for a portion of capital funds to be invested with the specific intent of securing higher returns which would be fed directly to operating costs as an offset. Additionally, a more pronounced diversification into markets where there is scope to take a margin over costs through the premium charged to clients might be considered. It may be strategically necessary to rapidly scale up engagement with SOE and umbrella agencies representing key economic sectors (e.g. tourism, fisheries, agriculture) where insurance is more clearly understood as a cost of doing business and can be priced into their operating costs and service /

product pricing. The segregated cell structure of the company may also lend itself to more entrepreneurial endeavours that yield a positive income stream without competing with private sector insurers. It may also enable pursuit of complementary business lines which leverage PCRIC's unique position in the CDRFI space in the region. In this regard, the initial steps to explore possibilities with the Loss and Damages fund is seen as a positive move. There may also be opportunities for partnership and innovation with the private sector (commercial and philanthropic) yet to be considered.

A further option for addressing operating costs may be to explore practical synergies with other risk pools or other regional entities where some form of resource sharing may help curtail a ballooning human resource cost within PCRIC. Irrespective of growth prospects, viewed as a 'business', the company handles a very small annual transaction load. Yet it utilises an operating platform which imposes heavy per-transaction costs. This is a characteristic which has long-plagued development-oriented donor established facilities within the region, directly impacting longer-term sustainability (e.g. IFC's PEDF, ABD's BIF).

A final aspect for consideration is the sustainability of the current modus operandi in regard to representation and advocacy. To a considerable extent, the development of 'political capital' as a tool for influencing decision-makers throughout the region, has seen the company develop a heavy 'key-man' dependency on the CEO. This carries with it considerable business risk. A strategy of progressive and intentional transition to a 'key-team' approach which empowers others and builds marketplace confidence beyond the key-man will help de-risk the situation, allow for a reprioritisation of focus / allocation of core tasks among the senior team (e.g. sourcing funds), and provide a potential pathway for succession in the medium- to longer-term future.

Notwithstanding the above challenges and considerations, as was the case at the half-year mark, at the end of 2024 the business undoubtedly faces a very positive forward trajectory in terms of market acceptance, credibility in the DRF space and increased market penetration in sovereign and non-sovereign segments. Though there still remains significant gaps in 'ownership' and 'buy-in' at the national level across the region, the efforts with DRF workshops and the impact of the policy redesign work have worked to narrow these gaps and have markedly raised the region's comprehension of DRF and the merits of pre-arranged disaster finance.

Moving into 2025 and beyond, it is timely that work will commence in the near-term on development of the Strategic Plan (2026-2030) for the company as this will allow for the manifold changes in market dynamics to be considered and accommodated. This would also be an opportune time to review the M&E Framework and rationalise performance indicators.



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