

There is very little I would say about what happen in 2004 except to say that Individuals, Businesses and Government all suffered tremendously from Hurricane Ivan. This was without a doubt Grenada's largest disaster in modern times.

Unfortunately for many of us, Grenada was grossly under-insured at the time, that is, there were many property that were not insured and for those that were insured, the amount being covered was not sufficient to replace their building with one of similar construction and occupancy.

This brings us to the topic of Insurance as a Disaster Risk Reduction tool. Clearly, having insurance does not in any way prevent an occurrence of an insured event but it is essentially used to reduce the financial impact of such occurrence.

The following categories of risks can be covered by insurance:

1. Private & Commercial Property (Building, Contents, Equipments, Machinery etc)
2. Motor Vehicle
3. Business Interruption (Loss of Income – is offered with property coverage)
4. Marine (Hull and Cargo)
5. Stock (Retail)
6. Life
7. Health
8. Livestock

One can only image the significant financial impact of a disaster that meets us without the relevant insurance in place. A lack of insurance by individuals and business can also impose huge burden on Government who is responsible for providing basic social needs. For example,

- Without health insurance there will be increase cost on public health facility.
- Without life insurance, families may be left without any cushion for the lost of their main financial provider.
- Without business interruption insurance jobs will be lost as businesses will not be able to take care of their fixed cost and wages at the same time.
- Lost of jobs means high unemployment and increase social cost.

Many of us may not be aware, but the government of the Caribbean in 2007, under the guidance of the World Bank, set the Caribbean Catastrophe Risk Insurance Facility. This was a proactive move on their behalf and to date this facility has paid out millions of dollars with Haiti being the latest beneficiary with a US\$7.75 payment.

As you can see, while insurance is just one of many disaster risk reduction tool, it is by far the most popular and the most effective.

Thank you.