



LIVELIHOOD PROTECTION POLICY

FREQUENTLY ASKED QUESTIONS (FAQs) LIVELIHOOD PROTECTION POLICY

Belize





LIVELIHOOD
PROTECTION
POLICY

Frequently Asked Questions (FAQs)

Belize

The Climate Risk and Insurance in the
Caribbean (CRAIC) Project

December 2025



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CCRIF SPC

THE CARIBBEAN AND CENTRAL AMERICA PARAMETRIC INSURANCE FACILITY AND DEVELOPMENT INSURER

MEMBERS

35

ANNUAL
COVERAGE
PURCHASED

US\$
1.44B
2025/26

PAYOUTS

82

BENEFICIARIES

>5M

PARAMETRIC INSURANCE PRODUCTS



Earthquake



Tropical
Cyclone



Excess
Rainfall



COAST
(Fisheries)



Electric
Utilities



Water
Utilities



Fluvial Flood
(Runoff)

A PREVIEW OF NEW PRODUCTS IN DEVELOPMENT



Drought



Agriculture



Tourism



Government
Infrastructure



Housing



Livelihood Protection for
Vulnerable Groups

TOTAL PAYOUTS
US\$**483M**

PROVIDING
QUICK LIQUIDITY
FOLLOWING NATURAL HAZARD EVENTS SINCE 2007
to the Caribbean and Central America



CCRIF SPC is the Caribbean and Central America Parametric Insurance Facility and Development Insurer. It is the world's first multi-country, multi-peril risk pool based on parametric insurance and the leading provider of parametric insurance for Caribbean and Central American governments, as well as electric utility companies and water utilities. CCRIF offers parametric insurance for tropical cyclones, excess rainfall, runoff, earthquakes, and the fisheries and electric and water utilities sectors – insurance products not readily available in traditional insurance markets.

CCRIF's success and value to its members

QUICK LIQUIDITY

Provides quick liquidity within 14 days of a natural hazard event when a policy is triggered.

PROTECTION GAP

Helps to close the protection gap by providing insurance solutions for economic exposure.

MODELS

Offers parametric insurance products underpinned by models customized for the regions we serve.

RISK POOLING

Benefits from the best prices for reinsurance, making coverage more affordable to members.

INNOVATION

Uses its base models to develop products for economic sectors and vulnerable persons.

LOSS AND DAMAGE

Helps countries manage growing risks and losses from climate change.



The Climate Risk Adaptation and Insurance in the Caribbean (CRAIC) Project began implementation in 2011 by Munich Climate Insurance Initiative (MCII) in collaboration with CCRIF SPC and the ILO Impact Insurance Facility. The project will end in December 2025. The project was designed to address climate change, adaptation, and vulnerability by promoting weather index-based insurance as a risk management instrument in the Caribbean. Over the period, MCII, CCRIF and ILO Impact Insurance have collaborated to study the microinsurance landscape and understand the needs of vulnerable groups across the Caribbean.

To reach low-income people who are particularly vulnerable to extreme weather events, CRAIC developed a microinsurance product, the Livelihood Protection Policy (LPP). The LPP has evolved through research, pilot testing, stakeholder engagement, and capacity building with regulators and insurers. The product now reflects user input, regional realities, and lessons from past skepticism around insurance.

Support was provided by the International Climate Initiative of the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection. The project is being implemented in five Caribbean countries: Belize, Grenada, Jamaica, Saint Lucia, and Trinidad and Tobago.





INTRODUCTION

The Impacts of Natural Hazards on Communities and People

Within our populations, and in our communities, many of the natural hazard risks that we are exposed to – such as tropical storms, hurricanes, extreme rainfall events, etc. – affect different groups differently and may also affect men, women, and children differently. In other words, these risks are not evenly distributed among all groups in the same way and some people are more exposed to or negatively impacted by the effects of natural hazards. This may be due to their economic status, where they live, the work that they do, and other social characteristics. These factors can determine how vulnerable or how exposed certain groups, communities or people in general are to these natural hazards. This exposure, when combined with a reduced ability to protect or defend oneself against natural hazard risks and cope with their negative consequences, causes people and communities to become vulnerable. Increasing exposure to risks increases vulnerability and often impacts individuals' socio-economic status and, in some instances, results in persons falling into poverty.





What can people do to reduce their vulnerability to natural hazards/disasters?

There are many actions that we can take to build our resilience and better respond to and cope with natural hazards. For example, before the Hurricane Season, we may:

-  trim trees and branches near houses and electricity lines.
-  ensure that we have adequate drinking water supplies.
-  stock at least 4-5 days of food supplies or hurricane supplies.
-  make sure that roofs, windows, and doors that need repair are fixed.

And there are many other actions we can take.

Of course, when a storm or hurricane is approaching, we keep our families close, listen to warnings and bulletins, and ensure that items outside our homes that can be blown away are secured or placed inside. We also keep a list of important contacts, charge our cell phones, and become familiar with the location of the shelter nearest to our home ‘just in case’. Farmers secure their livestock, greenhouses, and food storage facilities and put away their tools. Fishermen come off the sea and secure their boats, etc.

But are these actions enough to protect us?

Not really, because despite these efforts to enable us to be resilient to natural hazards or be able to better cope when natural disasters strike, there is oftentimes some amount of risk that remains, and as such we are impacted by these weather-related events. This is why financial tools such as insurance are important complements to disaster preparedness, helping households recover more quickly when hazards strike.



Can insurance be used to protect individuals against natural hazard risks and shocks?

Yes, insurance has been gaining much attention in the last decade or so as a solution or tool to help economies and people cope and recover faster following natural disasters. It is now recognized that even where we have put in place disaster risk reduction or climate change adaptation strategies at the individual, community or national levels, there is still some risk or potential for negative impacts from natural hazards.

Insurance against natural disasters—such as the parametric insurance offered by CCRIF SPC—can also be made available to individuals and communities. This type of insurance pays out quickly after storms or heavy rainfall, without the need for lengthy damage assessments.

CCRIF’s parametric insurance makes payments based on the intensity of an event and the amount of loss calculated in a pre-agreed model caused by these events. Therefore payouts can be made very quickly after a hazard event. This is different from traditional or indemnity insurance settlements that require an on-the-ground assessment of individual losses after an event before a payment can be made. Parametric insurance products can be designed at three levels:





Parametric insurance sold to governments is referred to as parametric insurance at the macro level. Insurance that is designed for individuals and vulnerable groups is known as microinsurance because it is insurance offered primarily to clients with low incomes and limited access to insurance services. This can support many persons and groups who do not have adequate means of effectively coping with weather-related risks.

Whilst parametric insurance has many benefits, parametric insurance may sometimes result in what is called basis risk, when a payout does not perfectly match the actual losses experienced. However, the Livelihood Protection Policy has been designed to minimize basis risk by using locally calibrated rainfall and wind thresholds.

Today, microinsurance is recognized as a means of providing financial security to enable lower-income persons, groups, and families to access insurance against natural disasters.

What is the Livelihood Protection Policy (LPP) and how can it help individuals and vulnerable groups and protect their livelihoods?

The Livelihood Protection Policy (LPP) is a parametric, weather index-based insurance product that offers insurance coverage for wind that is associated with tropical storms and hurricanes and rainfall that is associated with excess rainfall or with tropical storms and hurricanes.

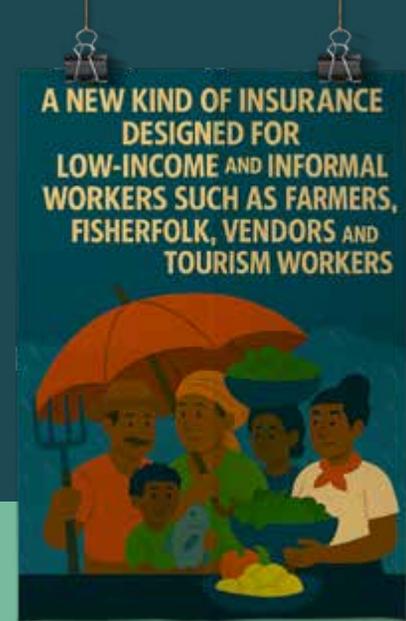
The LPP provides quick cash payouts after an extreme weather event, which helps individuals recover faster after such events. The product is ideal for individuals whose livelihoods can be critically affected by rain, floods and strong winds. The payouts are tied to a series of thresholds for wind speed and rainfall.

Purpose of the LPP

The LPP is designed to provide fast, affordable insurance to low-income and vulnerable groups who rely on natural resources and informal livelihoods.

The LPP has been designed to:

- help protect the livelihoods of vulnerable, low-income individuals such as small farmers, tourism workers, fishers, market vendors, food vendors, and day labourers, by providing quick cash payouts following extreme weather events (specifically, those associated with wind and heavy rainfall).
- provide some stability to the financial situation of vulnerable, low-income individuals after a disaster through the injection of quick liquidity or cash payouts, allowing them to avoid adopting coping strategies that could lead them into poverty.
- quickly (within a few days) help people whose livelihoods are affected by a natural disaster, without them having to wait for help from “external” sources like the Government, friends, family, etc. If a farmer purchases the LPP for example, he or she will have a source of immediate funding to undertake activities such as replanting, draining fields, and reconstructing irrigation systems should the insurance policy trigger.
- improve the credit worthiness of individuals in the long term, giving them access to financial services that they previously may not have had access to. The LPP can be used in some countries as a form of collateral against a loan with a credit union, for example.





Who can purchase an LPP?

Any individual who believes that they are exposed to natural hazard risks and have the potential to be impacted negatively and/or are already vulnerable to natural hazard events associated with wind or rainfall. The LPP has been designed with the following groups in mind, whose livelihoods are oftentimes disrupted by natural hazard events:

- fisherfolk
- farmers
- food and market vendors
- day labourers
- construction workers
- seasonal tourism workers
- taxi and bus drivers
- micro and small business owners
- musicians and entertainers who are dependent on the tourism industry.

Even a community group, an NGO, or a co-operative can purchase a policy or policies for its members.

By having access to the LPP, persons may be able to recover faster following natural disasters. In other words, the LPP is designed to provide some level of stability to the financial situation of vulnerable or low-income individuals after a disaster by providing quick cash so they do not have to resort to coping strategies such as selling assets.

Key Features of the LPP

- **Parametric Triggers:** Payouts are based on pre-defined weather thresholds (e.g. rainfall or wind speed), not on individual damage assessments. If the trigger is met, the payout is automatic.

- **Fast Payouts:** Beneficiaries receive funds within days, no claims process, no paperwork. Payments made within 14 days of the event.
- **Affordable Premiums:** Designed for accessibility, often bundled with savings or credit union services.
- **Inclusive Coverage:** Targets low-income and informal workers, women, rural communities and peri-urban communities who are often excluded from traditional insurance.
- **Distributed via Aggregators:** Credit unions, cooperatives, NGOs, and community groups help enroll and educate beneficiaries.

Is there more than one type of LPP?

No, the LPP is a single product, which covers two hazards: rainfall and wind. In other words, it covers you against the impact of strong winds associated with major storms and heavy rainfall that may occur during a hurricane or at any other time.

How does the LPP work?

Let's say there is a storm or hurricane or heavy rainfall, satellites measure the local rainfall and CCRIF's SPHERA model estimates the wind speeds, using storm track data from the US National Hurricane Center (NHC) at the National Oceanic and Atmospheric Administration (NOAA). We use the data for each country's location, parish, county – or part of the island depending on your country – and compare this information to the trigger levels related to your location.

An LPP policy payout can be triggered by wind or rainfall or both. LPP payouts are triggered based on the values for wind speed or rainfall level. The "trigger values" are based on actual weather events that have occurred in the past and are different for policyholders depending on where they live. The payout is done per peril. For each peril, the payout amount is calculated as a percentage of the amount of coverage for that peril: the more extreme the event, the larger the payout.



How the LPP works for wind

For wind, a payout is triggered if the maximum speed of winds in a storm equals or exceeds the trigger wind speed for your location. The wind speed triggers are shown in Table 1 – measured in kilometers per hour (km/h).

For example, following Hurricane Iris in 2001, wind speeds in Stann Creek and Toledo exceeded the catastrophic trigger level. Policyholders would have received the maximum payout of 100% of their wind sub limit. This demonstrates how the LPP provides immediate financial support after severe events.



TABLE 1: THE BELIZE LPP WIND SPEED TRIGGERS				
Location	Wind speed triggers per location for maximum wind speed in kilometers per hour			
	Trigger 1 (Mild)	Trigger 2 (Moderate)	Trigger 3 (Severe)	Trigger 4 (Catastrophic)
Belize	102.2	146.0	159.2	167.9
Cayo	86.9	126.1	138.4	145.3
Corozal	107.6	152.4	165.9	174.3
Orange Walk	96.0	136.3	147.3	155.4
Stann Creek	97.1	144.8	158.9	167.2
Toledo	74.4	119.4	135.3	145.8





How the LPP works for rainfall

For rainfall, a payout is triggered if the maximum rainfall in your location within 12 or 48 hours is significantly higher than the average for historical events in your location, thereby meeting or exceeding the rainfall triggers. The rainfall triggers are shown in Table 2.

Rainfall triggers are based on how much rainfall in a 12- or 48-hour period exceeds the usual average for that location. The higher the rainfall compared to the historical average, the higher the trigger level—and the larger the payout.

For example, during Hurricane Cristobal in 2020, rainfall in Orange Walk exceeded the moderate trigger level, which would have resulted in payouts to policyholders in that location. This example helps to illustrate how the trigger values translate into real benefits.

TABLE 2: THE BELIZE LPP RAINFALL TRIGGERS								
Location	Rainfall triggers per location for a rainfall intensity score (standardized index) for the maximum rainfall in 12- and 48-hour periods							
	Trigger 1 (Mild)		Trigger 2 (Moderate)		Trigger 3 (Severe)		Trigger 4 (Catastrophic)	
	12-hr	48-hr	12-hr	48-hr	12-hr	48-hr	12-hr	48-hr
Belize	2.470	2.457	3.228	3.218	3.502	3.487	3.642	3.624
Cayo	3.480	2.345	5.619	2.914	6.409	3.094	6.881	3.187
Corozal	2.467	3.087	3.884	4.674	4.553	5.247	4.916	5.559
Orange Walk	2.520	2.724	3.299	3.599	3.667	3.962	3.825	4.126
Stann Creek	2.372	2.717	3.136	3.477	3.370	3.727	3.575	3.827
Toledo	2.885	2.876	3.696	3.645	4.034	3.944	4.176	4.077





Say you purchased an LPP. Recall that a payout can be triggered by wind or rainfall or both. A payout is triggered if the maximum speed of winds in a storm equals or exceeds the trigger wind speed for your location. Or, a payout is triggered if the maximum rainfall in your location within 12 or 48 hours is significantly higher than the average for historical events in your location, thereby meeting or exceeding the rainfall triggers. A payout will occur if either the 12-hour trigger value or the 48-hour trigger value is met or exceeded. If a payout is triggered by meeting or exceeding the policy's wind or rainfall trigger or both, you will then be notified via text message, email, or phone to alert you that you will receive a payout. Your payout is then deposited into your bank account or the bank account provided.



How much does it cost?

First off, there is no set price. The price of the LPP is based on the amount of coverage that you wish to purchase. Your premium, or the cost of the LPP, is calculated as a percentage of the coverage purchased. The percentage used to calculate the price of the LPP is based on the payout rates and exposure to both perils – wind and rainfall – and other factors.

The premium is calculated as 11.5% of the policy coverage purchased. For example: farmers who are interested in coverage of BZ\$400 (US\$200) (with sub-limits of BZ\$200 (US\$100) for rainfall and wind) pay a premium of BZ\$46 regardless of their location. Farmers who are interested in coverage of BZ\$2,000 (US\$1,000) (with sub-limits of BZ\$1,000 (US\$500) for rainfall and wind) pay a premium of BZ\$230 regardless of their location. Where taxes are applied to insurance, the LPP will be subject to the corresponding tax rate.

EXAMPLE 1

Coverage required by insured – **BZ\$400**

Sub-limits

Sub-limit for wind:

BZ\$200

Sub-limit for rainfall:

BZ\$200

Premium rate:

11.5%

Price of LPP –

BZ\$46



EXAMPLE 2

Coverage required by insured – **BZ\$2,000**

Sub-limits

Sub-limit for wind:

BZ\$1,000

Sub-limit for rainfall:

BZ\$1,000

Premium rate:

11.5%

Price of LPP –

BZ\$230





LPP Payout Scenarios

A Scenario: Cayo and Corozal

A slow-moving storm passed over Belize, bringing strong winds of about 140 km/h and very heavy rainfall over two days (48 hours). This level of wind and rain is much higher than normal and can easily disrupt farming, fishing, tourism, and small businesses.

Cayo

Wind Trigger Level 3: 138.4 km/h Triggered

48-hr Rainfall Trigger Level 3: 3.094 Triggered

Payout: Both wind and rainfall thresholds were exceeded, resulting in a Level 3 payout for both wind and rainfall. This support helps agricultural workers, vendors, and informal workers in San Ignacio and Belmopan recover quickly after the storm.

Corozal

Wind Trigger Level 1: 107.6 km/h Triggered

48-hr Rainfall Trigger Level 4: 5.559 Triggered

Payout: High wind speeds and significant rainfall met the required trigger levels, leading to a Level 1 payout for wind and a Level 4 payout for rainfall. This is especially important for corn and papaya farmers, market vendors, and small businesses that are highly affected by severe weather.



How soon after I purchase my LPP am I covered? If I purchase my LPP today, and there is an excess rainfall event in the next two days severe enough to trigger my policy, will I receive a payout?

No. After you pay your premium, you will have to wait 10 days before you receive protection from your policy. Your policy is valid for one year.

Can I purchase more than one policy?

Yes. Persons can purchase more than one policy. Remember as well, organizations such as co-operatives and fish sanctuaries can purchase group policies on behalf of their members.





How will I be notified of a payout?

If a trigger level is met and your policy triggers, then your insurance company will contact you by text message, email or phone to alert you that you will receive a payout.

How quickly will I receive the payout, and how will I get it?

Your insurance company will send you the money within 14 days after a trigger is met. The company will deposit the funds into your bank account or send it to your credit union if this is your preferred payment method.

Will I need to submit a claim for the payout?

No, you will not have to file a claim because the amount you receive is based on specific rainfall or wind speed levels, which are automatically measured.

How do I sign up? And when does my policy start?

Interested persons can sign up in just three easy steps:

- 1 Contact your local bank, credit union, insurance broker or insurance agent.
- 2 Share some basic information about yourself.
- 3 Pay your premium via your preferred payment method.



Your coverage under the LPP will begin 10 days after your premium is paid.

Which address should I use on my application form if my work location and home address are different?

The LPP covers only one location. If cover is required for 2 locations then 2 policies should be purchased.

Is it possible to be impacted by an event and not receive a payout?

Yes. Remember that the LPP coverage is based on the agreed triggers. It is possible that winds and/or rainfall are below the trigger levels in your location but did cause losses. In this instance, a payout would not be made to you.

Like all insurance policies – parametric or indemnity – the LPP is affected by basis risk. That means that there is a chance that the payout calculated does not match your damage experienced on the ground or your losses. This means that there is the possibility of an event in which there are losses and there is no payout (or the payout is less than you expect) or alternatively, you can also receive a payout that is higher than you expect.

Notwithstanding, it is always better to be protected against these weather events, which are increasing in intensity and frequency due to climate change. The LPP provides you with the possibility of timely and reliable payouts that will help you cope better and respond to storm and rainfall events... shielding you from financial hardship.

