

Media Release

FOR IMMEDIATE RELEASE

OUR Approves Multi-Layered Insurance Plan for JPS Ahead of 2026 Hurricane Season

(KINGSTON, Jamaica; 2026 June 2): The Office of Utilities Regulation (OUR) has approved combined insurance coverage of US\$106.6M, via a parametric insurance framework proposed by the Jamaica Public Service Company Limited (JPS) for implementation during the 2026 Atlantic Hurricane Season.

The proposal, which was submitted to the OUR in May, sets out a risk-mitigation framework for the electricity grid as a corollary to the Electricity Disaster Fund (EDF), providing a much-needed disaster risk-financing mechanism.

Parametric insurance (an index-based insurance) pays out quickly when a specific event occurs, based on pre-agreed rules.

A key feature of the framework is a dual-trigger coverage strategy that combines two (2) products, one from the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the other from Descartes Insurance (Descartes), to improve payout reliability and reduce basis risk during complex storms.

The combined insurance coverage of US\$106.6M comprises CCRIF's contribution of US\$56.6M and Descartes's of US\$50M, each based on distinct triggers.

The total annual premium for the combined coverage is estimated at approximately US\$6.6M, reflecting risk assessment. Premiums are to be financed by the EDF and JPS's operational cash flow.

OUR Director-General, Ansord Hewitt, in commending JPS's initiative and welcoming the move, said, "This approach by the JPS is in line with OUR's recommendation at the 12th Annual OUR Director-General Stakeholders' Engagement on 2026 March 19, where the utilities were encouraged to explore and put in place a multi-layered disaster risk financing framework. I am glad to see JPS has taken this on board, and I am hopeful that this provides a template for other utilities that do not yet have such a framework in place."

Rules governing parametric insurance innovations and the EDF are to be developed to require that, where insurance payouts exceed restoration costs, the difference be channelled into the EDF.

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In approving the proposal, the OUR noted that the combined CCRIF and Descartes structure significantly improves the availability of pre-arranged liquidity, given that funds from the EDF were near depletion following payouts after Hurricane Melissa.

However, it cautioned that the approved proposal should be viewed not as a standalone solution but as part of a broader, evolving multi-layered disaster-risk financing and resilience framework for the electricity sector, consistent with the OUR's articulations.

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