



Building Economic Resilience in a Changing Global Environment: A Caribbean Perspective

Remarks by Dr., The Most Honourable Kevin Greenidge, F.B., Governor, at the
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Good morning.

I want to begin with a word of apology and a word of explanation. I am not in the room with you, though I would have loved to be. However, circumstances required me to remain in Barbados. We at the Central Bank are at the cusp of rolling out our national instant payments system, BiMPay, on June 12, which is this Friday. As we approach that finish line, I felt it necessary to stay on site with the team. But I also felt it important to speak to you directly, even through a screen, because the subject you have placed before this conference could not be more timely.

Your conference theme asks, "Are We Built for Change? Blueprint for Success." That question goes to the heart of the Caribbean condition. We live with change all the time: economic, technological, regulatory, geopolitical, and climate change. The deeper question is whether our economies, our institutions, our businesses, and our systems of protection are built not merely to experience change, but to withstand it, absorb it, and emerge stronger because of it.

For the insurance industry, resilience is not a slogan. It is the business model. It is the mechanism through which societies decide how risk is shared, who receives help when loss occurs, and whether families, firms, and governments can recover after the worst happens.

So this morning I want to speak about economic resilience from a Caribbean perspective: as a central banker, but also as a citizen of a small island state that has had to learn resilience the hard way. I will speak about Barbados, not because Barbados has all the answers, but because our recent experience shows both the possibilities and the limits of resilience building in small, open economies.

And I want to make one point from the outset. In the Caribbean, resilience cannot be built by governments alone, by central banks alone, or by regulators alone. It requires the full participation of the private sector, and few private sector institutions matter more than insurers, reinsurers, brokers, risk managers, actuaries, and the regional bodies that bring them together. That places this Association at the centre of the conversation. Not at the edge. At the centre.

The Storm Is Never Just the Forecast

We are a little over a week into the 2026 hurricane season. The forecasters have called it below-normal. And almost in the same breath, they have reminded us to prepare.

That contradiction should not surprise anyone in this room. You are the Insurance Association of the Caribbean. You do not need a meteorologist to tell you that a below-normal season does not mean we are in the clear. You have seen the loss reports. You have assessed the claims. You have watched households wait for repairs, businesses reopen with difficulty, and governments scramble to restore infrastructure long after the cameras leave.

In our region, a single storm can change the course of a year. A single night of wind and water can erase years of investment. A single disaster can move from weather event to fiscal event, and from fiscal event to a long-term development setback. That is why, for us, the forecast is never the storm.

We know this because we have lived it. Hurricane Beryl, in 2024, became the earliest Category 5 Atlantic hurricane on record, moving through the Caribbean before many people had finished updating their emergency plans. And even when Barbados receives only a glancing blow, the region feels the shock through trade, travel, insurance claims, and public finance.

So when we speak about resilience, we must resist the temptation to make it abstract. Resilience is not a chapter heading in a policy paper or a line in a strategic plan. It is the hard, practical, sometimes painful work of building economies and institutions that hold when the storm comes. And in the Caribbean, the storm always comes.

The World We Are Operating In

Let me begin with the global environment, because it frames everything else. The world has become more difficult for small, open economies. Trade is fragmenting. Supply chains are being rewired around strategic interests rather than pure efficiency. Borrowing costs remain elevated. Geopolitical tensions have increased uncertainty. Climate events have become more frequent and more costly. And for import-dependent island economies like ours, every global disruption lands directly in the household budget: in the price of rice, the price of fuel, the electricity bill, and insurance premiums.

But what makes this period especially difficult is not only that old vulnerabilities have intensified. It is that they now interact. Debt stress collides with climate risk. Tourism dependence collides with pandemics, geopolitical disruption, and shifts in airlift. Food import dependence collides with supply chain fragmentation and climate pressure on agriculture. Financial stability collides with cyber risk and digital transformation. These are not separate problems. They are compound problems, and compound problems cannot be solved with narrow thinking.

A government cannot treat fiscal policy as separate from climate risk. A regulator cannot treat insurance affordability as separate from reinsurance pricing, construction standards, and household income. The Caribbean needs integrated responses, because our risks are integrated.

At the same time, the environment does not contain only threats. It contains opportunities. Digital technologies can reduce the costs of remoteness. Renewable energy can reduce our dependence on imported fuel. Parametric insurance can speed disaster response. New financing instruments can help

countries invest in adaptation without simply adding to the debt burden. The issue is not whether opportunities exist. They do. The issue is whether we convert them into lasting transformation, or into isolated projects that leave us just as exposed when the next shock arrives.

Vulnerability and Resilience

Before I turn to Barbados, I want to make a distinction that matters for this audience: the distinction between vulnerability and resilience.

Vulnerability is largely structural. It comes from features small states did not choose and cannot easily escape: small domestic markets, high openness to trade, narrow production bases, dependence on imported food and fuel, concentration in tourism and a few export services, limited fiscal space, and exposure to natural disasters. We inherited these characteristics. We manage them every day. They are not going away.

Resilience, by contrast, is largely policy-induced and institutionally built. It reflects the choices we make in response to vulnerability: the quality of governance, the credibility of fiscal policy, the strength of financial regulation, the design of social protection, the depth of capital markets, the availability of risk transfer, and the ability of institutions to act before a shock rather than only after it. This distinction explains why some small states remain chronically fragile while others, facing the same structural constraints, achieve relative stability and prosperity. Vulnerability is our inheritance. Resilience is our response.

And that response cannot be partial. If a country has strong fiscal accounts but weak insurance coverage, the government still becomes the insurer of last resort after every disaster. If it has good disaster agencies but underinsured households, recovery remains slow and unequal. If it has a strong reinsurance relationship but weak local data, Caribbean risk continues to be priced through models that do not reflect reality on the ground.

Resilience requires a chain, and like every chain, it breaks at the weakest link. That is why the insurance sector matters so much. Insurance is not simply a financial service. It is part of the architecture of national resilience. It determines how quickly people rebuild, how firms reopen, how governments manage fiscal pressure, and how confidence returns after a shock. This is the context in which I want to place the Barbados story.

What Barbados Learned the Hard Way

In May 2018, Barbados faced one of the most difficult economic moments in our modern history. Public debt had reached almost 179 percent of GDP, the third highest ratio in the world at that time. International reserves had fallen to around US\$220 million, barely four weeks of import cover. Nearly \$2 billion in arrears had accumulated to domestic suppliers, utilities, and creditors. We had lost access to capital markets, and confidence had evaporated.

The Government responded with the Barbados Economic Recovery and Transformation Plan, known as BERT. I want to stress one word: homegrown. BERT did not arrive as an externally imposed template. Barbadians designed it. Barbadians negotiated it through our Social Partnership, the tripartite body that brings together Government, the private sector, and trade unions. The Government tabled it in Parliament as a national resolution. The IMF supported it through an Extended Fund Facility, but the programme belonged to Barbados. That ownership mattered, because reform requires trust, and trust cannot be imported.

Within two years, Barbados moved the primary balance from a deficit of 3.5 percent of GDP to a surplus of 6 percent. We restructured the entire public debt profile, reducing debt service costs by roughly \$600 million a year. We strengthened fiscal governance, reformed tax policy, and tightened oversight of state-owned enterprises.

But here is the point that often gets lost in discussions of fiscal adjustment. We protected social spending. Health, education, and social protection remained priorities. The burden of adjustment shifted deliberately away from labour and the most vulnerable, and toward capital and the visitor economy. Free tertiary education remained part of the national settlement and returned in full, even during the pandemic. That was not only the right thing to do; it was the smart thing to do. Adjustment programmes that place the cost on those least able to bear it lose public support and eventually fail. The Social Partnership gave BERT legitimacy. Protecting the vulnerable gave it moral force.

Then COVID-19 struck. Tourism collapsed almost overnight. The economy contracted by nearly 18 percent. Then came volcanic ashfall from neighbouring St. Vincent, and then Hurricane Elsa. Three consecutive shocks in two years. But because Barbados had built fiscal buffers through discipline before the shocks arrived, we had space to respond. We lowered our primary surplus target, expanded emergency health and social spending, supported households and firms, and kept the programme on track through multiple IMF reviews.

The lesson is simple but powerful. Fiscal discipline is not austerity for its own sake. It creates policy space: space to invest, space to protect, space to respond when the storm comes. And as I said earlier, for small island states, the storm always comes.

From Stabilisation to Transformation

BERT has moved through three broad phases. The first focused on stabilisation: restoring credibility, rebuilding reserves, restructuring debt, and regaining policy control. The second, BERT 2022, moved from stabilisation to transformation, asking how Barbados could build a more resilient, more productive, and more climate-aware economy.

Two instruments defined that phase. The first was a successor IMF arrangement. The second was Barbados' early use of the IMF's Resilience and Sustainability Facility, which provided approximately US\$189 million in long-term climate financing and helped advance our own policy decision to embed climate considerations across the economic framework. In practical terms, climate could no longer sit at

the side of economic management; it had to move to the centre. We incorporated climate risk into budget documentation and fiscal risk analysis, introduced climate budget tagging, advanced legislation for flood resilience and energy reform, and electrified 65 percent of the public bus fleet, the highest share in the Caribbean. The Central Bank adopted a formal climate strategy and joined the Network for Greening the Financial System.

The point is not the list of reforms. The point is that climate resilience has to move from the language of environment ministries into the language of finance ministries, central banks, regulators, investors, and insurers. For small island states, climate resilience is economic resilience.

Barbados also used financial innovation. In the 2018 and 2019 debt restructuring, we embedded natural disaster and pandemic clauses into new bonds, allowing interest to be capitalised and principal payments deferred for two years after a qualifying disaster. That matters, because disasters create immediate cash needs at exactly the moment when traditional debt service becomes most burdensome. We completed a debt-for-nature swap, establishing the Barbados Environmental Sustainability Fund for marine conservation. And we executed the world's first debt-for-climate-resilience operation, backed by US\$300 million in guarantees from the Inter-American Development Bank and the European Investment Bank, generating US\$125 million in savings for water resource management and food security infrastructure.

The idea behind these instruments is straightforward. We must finance adaptation without simply adding more debt to already vulnerable countries. And this is where the insurance industry becomes central, because if the financing system must innovate, then risk transfer must innovate too.

When Tropical Storm Kirk struck Barbados in October 2018, the Caribbean Catastrophe Risk Insurance Facility, or CCRIF, paid out US\$5.8 million within days, reaching the Government's account within a week of the event. That is the kind of model we need: pre-arranged, rules-based, and fast-disbursing, designed before the disaster, not improvised after it. It does not prevent the storm or remove the pain, but it provides speed, liquidity, and confidence at the moment when delay causes deeper damage. Far too many Caribbean households, firms, and farmers still lack access to that kind of protection. That is the protection gap we must confront.

Where Barbados Stands Now

BERT 2026, our current phase, rests on five pillars: productivity and competitiveness; fiscal sustainability; financial market development; climate resilience; and human capital. These pillars reflect a simple truth: stabilisation is not enough. We must raise productivity and competitiveness, maintain credible public finances, strengthen domestic and regional financial markets, move climate resilience from aspiration to implementation, and invest in the people who will carry the transformation forward.

Because global tensions have escalated and uncertainty has increased, Barbados recently reached a staff-level agreement with the IMF on a precautionary Stand-By Arrangement of SDR 189 million, approximately US\$260 million. Let me be clear: we did not seek this arrangement because Barbados is

in crisis. We sought it as a precautionary backstop, to strengthen our resilience against external shocks, reinforce confidence, and preserve the policy space we have worked hard to rebuild. In terms familiar to this audience, it is a form of policy insurance. That is what resilience means: you prepare before the storm, not after it.

Let me restate it plainly. Barbados is not in crisis. Our fundamentals have strengthened. Public debt has fallen from almost 179 percent of GDP to 94.6 percent. International reserves have risen from around US\$220 million in 2018 to approximately US\$1.5 billion, providing around 25 weeks of import cover. The economy has grown for 20 consecutive quarters. The latest unemployment rate stood at 7.2 percent at the end of December 2025. And Barbados returned to international capital markets with a US\$500 million bond issuance that was 5.7 times over-subscribed.

That foundation matters for everyone in this room. Insurance markets function better when economies are stable, and households and firms purchase coverage more easily when incomes grow and confidence improves. But macroeconomic stability alone does not close the protection gap. It creates the conditions; it does not complete the work. That is where the insurance industry comes in.

A Practical Insurance Agenda for Caribbean Resilience

Let me now speak directly to the industry, with seven priorities.

The first is to close the protection gap. That gap is not merely the difference between insured and total losses. It is the difference between a small enterprise reopening within weeks or closing permanently, and a government financing recovery through pre-arranged instruments rather than emergency borrowing. When too much risk remains uninsured, governments become the insurer of last resort, and fiscal resilience weakens. Closing the gap requires more than telling people to buy insurance. We must ask why they do not, whether premiums are too high, products too complex, or claims mistrusted, and then act on the answers.

The second is to design products that fit Caribbean risk. Our economies contain activities that traditional products do not serve well: climate-smart agriculture, fisheries, small hotels, digital enterprises, community services, and cyber exposures. The farmer moving into climate-smart agriculture needs a product designed for that activity. The small hotelier needs cover that reflects both property risk and business interruption. This is not only a policy challenge. It is a market opportunity.

The third is to scale parametric insurance and deepen regional risk pooling. Indemnity insurance will continue to matter, but in disaster response speed matters, and parametric products can provide rapid liquidity when a defined trigger is met, preventing temporary hardship from becoming permanent loss. CCRIF has shown what Caribbean countries can achieve when they pool risk and act together. The question now is whether we can extend that model into coverage for small businesses, farmers and fishers, and community and sub-sovereign risk, and link payouts to pre-agreed recovery plans so that money flows quickly and is used well.

The fourth is to invest in better Caribbean risk data. Risk pricing depends on data, and if the data do not capture Caribbean exposure properly, the price will not reflect Caribbean reality. Too often we depend on models calibrated far away, on assumptions that miss local conditions and the social cost of delayed recovery. This is not an argument for underpricing risk, which would be dangerous. It is an argument for pricing it accurately and transparently, with better local information, built through collaboration among insurers, regulators, and our universities and meteorological agencies.

The fifth is to protect affordability by reducing risk. Premiums must reflect risk, because a weak insurance sector helps no one after a disaster. But if premiums rise beyond the reach of households and small businesses, coverage becomes a privilege for those who can afford it while the most vulnerable remain exposed. The answer is not to suppress prices artificially, which only hides risk. The better answer is to reduce the underlying risk through building standards, drainage, zoning, resilient infrastructure, and enforcement. Lower the risk, and over time we create the possibility of lower premiums. The insurer cannot solve building standards alone, nor the regulator land use, nor the government reinsurance pricing. Resilience is a system, and the system must work together.

The sixth is to support innovation while protecting policyholders. The region needs room for new products, digital distribution, parametric tools, and public-private partnerships. But innovation without trust will fail. Policyholders must understand what they are buying, claims processes must be fair and timely, and products must not shift hidden risk onto consumers. Regulators must avoid suppressing innovation while insisting on transparency, solvency, and consumer protection. That balance is not easy, but it is necessary.

The seventh is to build regional human capital. The industry needs actuaries, risk modellers, underwriters, claims specialists, cyber and climate analysts, and product innovators who understand Caribbean economies from the inside. But our most talented people are constantly recruited away by larger markets, and the insurance industry is no more immune to this than central banks or finance ministries. If we want Caribbean risk priced properly and Caribbean interests represented in global forums, we need Caribbean expertise: investing in training, building career pathways, sharing specialised capacity regionally, and strengthening links with our universities.

That is not the entire resilience agenda, but it is a serious place to begin.

The Global System Was Not Designed for Us

Let me widen the lens. The global financial system was not designed with small island states in mind. It was designed largely by large continental economies, for large continental economies. Its rules on debt, concessional finance, income classification, and fiscal space too often fail to reflect our vulnerability, and too often punish small states for structural conditions we did not create. A country can have a relatively high per capita income and still face extreme vulnerability. A single storm can cause damage equal to a large share of GDP. A country can manage itself prudently for years and still face a disaster that overwhelms its capacity.

That is why Barbados has argued that the international financial architecture must change. We should not have to choose between servicing our debts and protecting our people from rising seas. We should not be locked out of affordable finance because of income thresholds that ignore vulnerability. We should not carry the highest per capita costs of a climate crisis to which we contributed almost nothing. The Bridgetown Initiative exists because Barbados decided that managing within a broken system was not enough; we had to try to change it. That advocacy has helped shift global conversations, contributing to the rechanneling of Special Drawing Rights, the creation of the Loss and Damage Fund, and new discussions about liquidity support after climate events.

As Chair of the Central Bank Governors Working Group under the CVF V20, I also want to highlight the Lifeline Initiative. Lifeline seeks to create an innovative, multi-regional reserve fund within the global financial safety net, to help smooth balance-of-payments shocks and liquidity pressures arising from climate events, providing quick access to support on favourable terms after a disaster. That matters because climate shocks do not wait for slow processes: liquidity delayed can become recovery denied.

The insurance industry needs its own version of this advocacy. The global reinsurance system reflects structural realities that do not always serve the Caribbean well. Risk models, capital allocation, and pricing assumptions often come from major financial centres far from our shores. That does not make them malicious, but it does mean they may not fully capture our lived reality. When reinsurance costs surge, local premiums rise, households and small businesses reduce coverage or drop out, the protection gap widens, and the losses fall back on those least able to absorb them. That is not only a market problem. It is a development problem, and development problems require organised, evidence-based, morally grounded advocacy.

This Association can help lead that advocacy. You can bring together data from across the region, make the case for better risk models, engage reinsurers with a unified Caribbean voice, and help show that closing the protection gap is not charity but sound economics. I would welcome further discussion on how the Central Bank of Barbados, and other regional partners, can support that work.

The Human Purpose of Resilience

Before I close, let me return to the human purpose of all of this. Economic resilience is not about making balance sheets look good, satisfying international institutions, or producing impressive charts. The purpose of resilience is people. It is whether a mother in Bridgetown can afford to feed her children a healthy meal, whether a young graduate in St. Philip can find work that lets them build a life in Barbados, whether an elderly pensioner in St. Lucy can keep the lights on after the storm passes. It is whether a farmer can replant, a fisherman can replace a boat, a small hotel can reopen, a family can repair a roof before the next rain.

Sir Arthur Lewis, a Caribbean son from St. Lucia and the first Black Nobel Laureate in Economics, reminded us that good economics begins with improving the conditions under which people live. That is the standard by which we must judge our work: not only by the debt ratio or reserve cover, not only

by solvency ratios or premium income, but by whether it helps people live with more security, more dignity, and more hope. The insurance industry of the Caribbean is not a financial abstraction. It is one of the ways we decide, as societies, who bears the cost when the worst happens. Right now, too much of that cost still falls on those least able to bear it. That is the challenge before us. It is also the opportunity before you.

Closing

Distinguished colleagues, let me bring this together. Small states will remain vulnerable. We cannot change our geography, the size of our domestic markets, or our place in the hurricane belt, and we cannot pretend that global shocks will stop reaching our shores. But we can choose how we respond. We can build stronger institutions, manage public finances prudently, invest in climate resilience, deepen capital markets, protect the vulnerable, innovate in risk transfer, close the protection gap, and advocate for fairer global rules where national scale falls short.

Barbados has shown that small states under severe pressure can do more than the world expects. We designed, owned, and sustained an ambitious reform programme through a pandemic, volcanic ashfall, hurricanes, and multiple IMF reviews, without losing discipline and without abandoning the people it was meant to serve. But the work remains unfinished. Labour productivity growth is too low. Too much of our climate adaptation need is unfunded. Private investment has not reached the scale required. The cost of living remains the issue our citizens feel most deeply. And across the region, too many households and small businesses remain underinsured or uninsured.

That is why this conversation matters. You are not simply discussing premiums, claims, regulation, and reinsurance. You are discussing the resilience of Caribbean society itself.

We are one week into a hurricane season the forecasters have called below-normal. Brace yourselves, they said. Let us take that seriously. But let us not only brace for the next storm; let us build for the next generation. Let us build insurance markets that are sound, innovative, trusted, and inclusive. Let us build public policy that reduces risk rather than merely paying for loss. And, most importantly, let us build systems that serve the families, farmers, small business owners, workers, pensioners, and communities who depend on us when the storm comes.

I am sorry I cannot be with you in person, but I assure you I am fully present for this conversation. I value the work of this Association and the role of this industry, and I look forward to continuing the discussion on how we build a Caribbean that is not only exposed to change, but ready for it.

Thank you, and I look forward to your questions.