

Sales results for the "Weather Index Insurance" designed for Thai farmers

~ The number of subscriptions has been reached to over 1,000 in the first year ~

With regards to the "Weather Index Insurance" by released by Sompo Japan Insurance (Thailand) Co., Ltd in January of this year, the number of subscriptions has been reached to 1,158 .

The "Weather Index Insurance" is a financial product developed in cooperation with the Japan Bank for International Cooperation (JBIC) for the purpose of dealing with damage caused to rice farmers by drought. This product is also a part of a pilot project being conducted in Thailand in order to verify the effectiveness of the insurance's functionality as a climate change adaptation measure, for which global expectations are high.

Application was conducted by Sompo Japan Insurance (Thailand) Co., Ltd through the Bank of Agriculture and Agricultural Cooperative (BAAC) for approximately four months, from January 26 to late May of this year. As a result, the simplicity of the product, where insurance is paid out according to the observed result of accumulated precipitation, has been rated highly by farmers in Thailand, and the insurance sold well over the targeted subscriptions of 1,000. The summary of this product is shown in URL. http://www.sompo-japan.co.jp/english/news/download/20100125_1.pdf

1. Factors for reaching the targeted sales

(1) A product that is simple and easy to understand

As the farmers had no familiarity with "insurance", the ease of understanding of the product was considered during its development, and therefore the "Weather Index Insurance" was designed simply in order for farmers in the Khon Kaen province to understand.

We have made improvements based on opinions we have received through our test sales in five regions of the Khon Kaen province. As a result, we were able to develop a product that is simple and easy to understand, where insurance will pay out the contractually predetermined insurance payment should the observed result of accumulated precipitation fall below a predetermined value.

(2) Cooperation with BAAC

By introducing the insurance through BAAC, who has a strong presence in the farming region of Thailand, the clients feel more assured. We have also discussed with BAAC, which has direct contact with the farmers, in order to develop an application tool that is easy to understand.

(Examples of the application tool)



2. Future development policies

For the full-scale sales post 2012, we will consider actions such as revising the product and its application tools, expanding its availability to other provinces in Thailand, diversifying the type of crops for which it is available, and marketing it in other countries in the Southeast Asian region.

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