



May 8, 2012

Sompo Japan Insurance Inc.

## **Revision and Commencement of Offering of Weather Index Insurance for Rice Farmers in Northeast Thailand**

Sompo Japan Insurance (Thailand) Co., Ltd. (President: Yuji Kawauchi [hereinafter Sompo Japan Thailand]), the Thai subsidiary of Sompo Japan Insurance Inc. (President and Chief Executive Officer: Kengo Sakurada [hereinafter Sompo Japan]), revised Weather Index Insurance in a bid to mitigate economic losses of rice farmers due to damage caused by drought in northeast Thailand.

### **1. Background to and Purpose of Insurance Product Revision**

Sompo Japan Thailand commenced the sale of Weather Index Insurance in January 2010 as part of a demonstration project being undertaken in Thailand by the Sompo Japan Group with the cooperation of the Japan Bank for International Cooperation (hereinafter JBIC) in order to verify the effectiveness of the functionality of the insurance as a climate change adaptation measure, for which expectations are growing high globally.

With the number of insurance contracts sold growing smoothly following an expansion of sales areas for Weather Index Insurance, Sompo Japan Thailand has decided to revise the insurance product at the requests of the Bank for Agriculture and Agricultural Cooperatives (hereinafter BAAC), its local partner for sales of this insurance product, and rice farmers in Thailand.

Thus far, the observed object of Weather Index Insurance was the accumulated precipitation for the three months of July, August and September. Following the this product revision, Sompo Japan Thailand will pay insurance payments on the basis of the accumulated precipitation of July alone or the accumulated precipitation of the two months of August and September. This makes it possible to pay out insurance payments at an early date when drought occurs in the early planting period in July and severely impacts crop yields, and hopefully provides a greater effect in mitigating drought-caused economic losses to rice farmers in Thailand.

### **2. Insurance Product Outline**

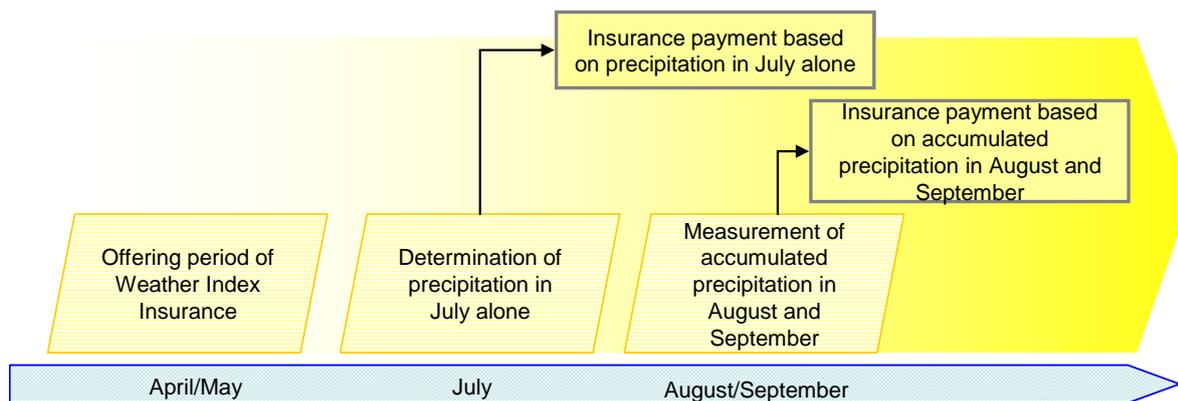
#### **1. Compensatory Coverage**

Weather Index Insurance will pay out contractually predetermined insurance payments when the result of the accumulated precipitation in July alone or during the two months of August and September observed by the Thai Metrological Department falls below a certain value in either period.

#### **2. Offering Period of Weather Index Insurance**

From April 26, 2012 through May 31, 2012

#### **3. Insurance Offering Period and Insurance Payment Period**



\* When the accumulated precipitation in July alone meets the criteria for the payment of insurance payments, this insurance contract will be terminated.

4. Policyholder

Bank for Agriculture and Agricultural Cooperatives

5. Insurer

Sompo Japan Insurance (Thailand) Co., Ltd.

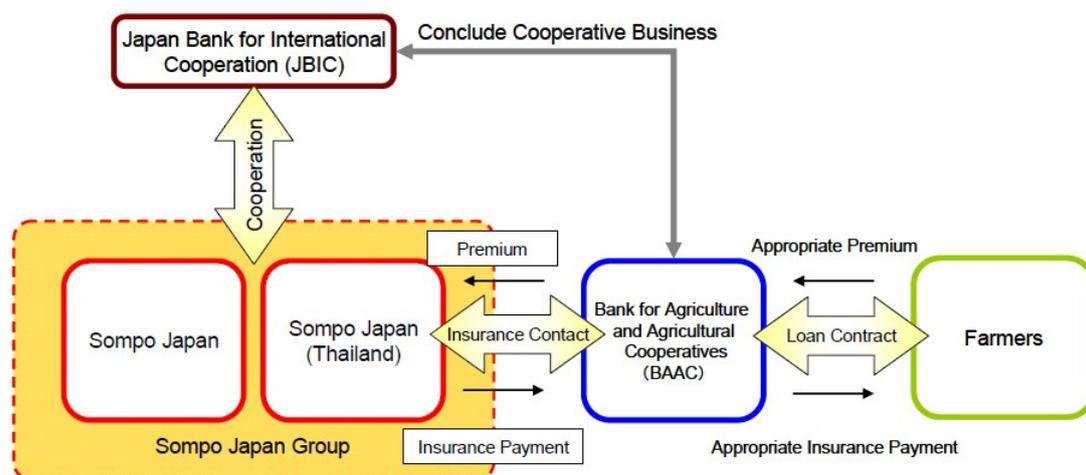
6. Sales Areas

The revised Weather Index Insurance will be sold in nine provinces in northeast Thailand by adding the four provinces of Buri Ram, Sisaket, Surin and Ubon Ratchathani to the five provinces of Khon Kaen, Nakhon Ratchasima, Maha Sarakham, Kalasin and Roi Et where the insurance product had been sold in 2011.

7. Insurance Sales/Insurance Payment Structure

Sompo Japan Thailand concludes an insurance contract with BAAC, and rice farmers who wish to take out insurance apply through BAAC.

In the case the drought has been occurred, Sompo Japan Thailand will make insurance payments to BAAC, which in turn will pay amounts equivalent to insurance payments to insureds.



3. Future Developments

In order to promote the development and spread of insurance products as effective adaptation measures for climate change, the Sompo Japan Group will broadly consider actions such as revising product schemes, making Weather Index Insurance available in other provinces in Thailand,

diversifying the scope of crops covered by this insurance product, and marketing it in other countries in Southeast Asia.

Furthermore, as an Eco First Company (Group) certified by the Ministry of the Environment, the Sompo Japan Group will continue to make efforts to develop and offer new products and services leveraging financial/insurance functions that contribute to solutions for various social challenges.