



February 8, 2019
Sompo Holdings, Inc.

Launch of “Longan parametric weather insurance program” in Thailand **The development of innovative new product utilizing satellite data**

SOMPO Insurance Thailand Pcl. (CEO: Ms.Chayanna Siripirom (hereinafter referred to as “SOMPO Thailand”)), a subsidiary of SOMPO Holdings, Inc. (Group CEO & Managing Director: Mr. Kengo Sakurada (hereinafter referred to as SOMPO Holdings)), cooperates with Bank for Agriculture and Agricultural Cooperative (hereinafter referred as BAAC), providing integrated financial services to farmers, to launch the first parametric weather insurance program for Longan farmers in Thailand in February, 2019.

1. Background & purpose

- A number of natural disasters stemming from global climate change, such as extreme drought and the resulting instability of farmers’ household earnings, has become a major issue in Thailand in recent years. SOMPO Thailand has cooperated with BAAC to provide a parametric weather insurance program for rice farmers in north-eastern Thailand since 2010.
- Currently, Longan, the major agricultural export crop for the country, has been exposed to drought risk. The Thai government has been investigating way to launch an efficient financial support program including utilization of insurance to enable stable growth for farmers.
- SOMPO Thailand has used its experience in parametric weather insurance for the rice farmers market combined with analytic support from the Sompo Global Weather business unit at Sompo International Holdings Ltd. (CEO : Mr. Nigel Frudd, hereinafter referred to as SIH), one of the SOMPO Holdings’ subsidiaries, to introduce a parametric weather insurance program for Longan farmers.
- Sompo Global Weather specializes in underwriting tailored weather risk transfer solutions, primarily in the form of weather derivatives, indexed to weather variables and commodity prices, which can be structured as a complement or an alternative to traditional insurance coverage.
- This new product is introduced under the direction of AgriSompo, Sompo International’s integrated platform to assist farmers, ranchers, farm suppliers, agriculture insurers and a wide variety of other agribusinesses worldwide in managing their risks. AgriSompo offers a range of insurance, reinsurance and weather derivative products across North America, Europe, and Australia, and is expanding into key South American and Asian agriculture markets.

2. Outline for parametric weather insurance program (Longan)

(1) Target group

Longan farmers who are applying for BAAC's finance.

(2) Target crop

Longan (or Ryugan, fruit from small evergreen plant in Sapindaceae genus Sapindaceae family)

(3) Target area

Chiang Mai province

(4) Target risk

Drought during the key growing period (March - April)

(5) Compensation

Compensation for continuous days of drought that exceed climatological estimates from GSMaP^{※1}

(6) Data provider

Remote Sensing Technology Center of JAPAN (RESTEC) ^{※2}

(7) Insurance company

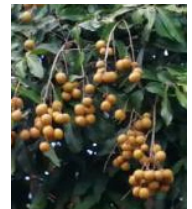
SOMPO Thailand is the lead underwriter.

(8) Sales agency

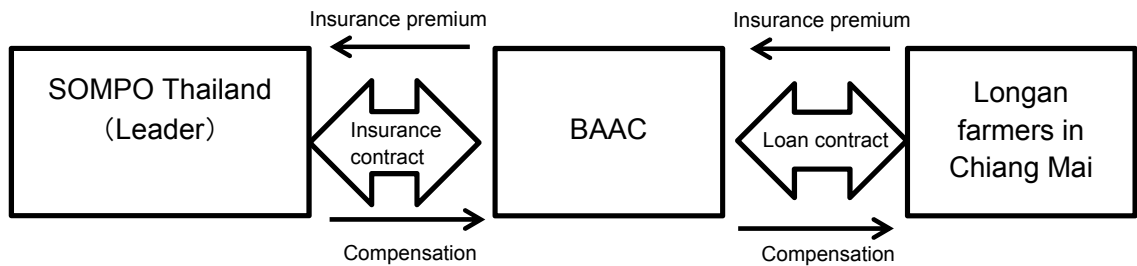
BAAC is the facilitator of product distribution.

※1 Global Satellite Mapping of Precipitation (GSMaP)
A real time satellite derived global rain fall map from Japan Aerospace Exploration Agency (JAXA).

※2 The Remote Sensing Technology Center of Japan (RESTEC)
Foundation providing research and development from satellite driven remote sensing data.



<Sales scheme>



3. Future plan

SOMPO Thailand shall cooperate with BAAC in an attempt to develop other areas in Thailand by giving support to stabilize household earnings and reduce drought risk for Longan farmers. Utilizing the global expertise of AgriSompo in agricultural insurance and risk management, SOMPO Thailand will support the development of agriculture, one of the most important industries in Thailand.