Recent Developments of Crop Insurance in Thailand

Mr. Thanad Jeerachaipaisarn
Executive Director
The General Insurance Association
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Evolution of Crop Insurance in Thailand

Indemnity Insurance for Maize, Sorghum, Soybean

Weather Index Insurance for Maize (WB)

Micro-Insurance for Rice

1978
1990
2006
2008
2011
2012

Indemnity Insurance for Cotton

Weather Index Insurance for Rice (JBIC)

Sustainability
Main Crops Production in Thailand - 2010

<table>
<thead>
<tr>
<th></th>
<th>Rice</th>
<th>Tapioca</th>
<th>Maize</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Areas Planted (Rai)</td>
<td>72.72 m</td>
<td>6.8 m</td>
<td>6.8 m</td>
</tr>
<tr>
<td>Total Tonnes Produced</td>
<td>32.12 m</td>
<td>20.6 m</td>
<td>4.4 m</td>
</tr>
<tr>
<td>Total Tonnes Exported</td>
<td>12.88 m</td>
<td>6.5 m</td>
<td>0.4 m</td>
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</table>

Source: Ministry of Agriculture

Micro Insurance for Rice - 2011

Product Design

- Thai Government has a Disaster Relief Program to compensate any farmer whose crop is suffered from calamity and declared a total loss for an amount of Baht 606 per rai.
- This insurance scheme has been designed to link and top up to Disaster Relief Program.
- The main advantage is to keep the claim administrative cost at a minimum level by utilizing the existing loss assessment mechanism of government.
Together, we can

**Fiscal Policy Office, Ministry of Finance**

**Fiscal Policy Office, Ministry of Finance**

**Ministry of Agriculture**

**General Insurance Association**

**Office of Insurance Commission**

**Bank for Agriculture and Agricultural Cooperatives**

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**Coverage Features**

- **Insurable Crop**: Main season crop rice
- **Insured Perils**: Flood, Drought, Windstorm, Frost, Hail and Bush Fire
- **Trigger for Claims**: 1. Farm must lie within declared calamity area; and 2. Total loss to growing rice
- **Sum Insured (Per Rai)**: Days after Planting
  - 1-60 days: Baht 606
  - > 60 days: Baht 1,400
- **Net Premium (Per Rai)**: Baht 120
  - Farmer Pays Baht 60
  - Government Subsidizes: Baht 60
Underwriting Procedure

Distribution Channel

Farmers

Bank for Agriculture And Agricultural Cooperatives (BAAC)

Sharing of Risk

Swiss Re as leading reinsurer

Pool of Local Insurers retain : 10.7%

International Reinsurance Market reinsure : 89.3%

Underwriting Results - 2011

<table>
<thead>
<tr>
<th>Insurance Selling Period</th>
<th>15th July - 31st August 2011 (45 days)</th>
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<tbody>
<tr>
<td>Number of Insured Farmers</td>
<td>56,780 persons nationwide</td>
</tr>
<tr>
<td>Number of Insured Areas</td>
<td>1,057,110.75 Rais</td>
</tr>
<tr>
<td>Total Net Premium (exclude VAT and stamps)</td>
<td>Baht 126,853,290</td>
</tr>
<tr>
<td>Estimated Loss</td>
<td>An estimation of 410,000 rais has been submerged by flood with an amount of loss Baht 575,000,000</td>
</tr>
<tr>
<td>Loss Ratio</td>
<td>453%</td>
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