



Title of case study*	Insure yourself against changing climatic conditions
Date of submission*	19/12/2012
Name of organization(s) *	Sompo Japan Insurance Inc.
NWP Objective* <i>Select the objective(s) of the NWP that the case study responds to.</i>	<p>The objective of the Nairobi work programme is to assist all Parties, in particular developing countries, including the least developed countries (LDCs) and small island developing States (SIDS), to:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> improve their understanding and assessment of impacts, vulnerabilities and adaptation to climate change; and <input checked="" type="checkbox"/> make informed decisions on practical adaptation actions and measures to respond to climate change on a sound scientific, technical and socio-economic basis, taking into account current and future climate change and variability.
Objective of case study* <i>Describe the specific objective of case study.</i>	This case study shows a new need by farmers: weather index insurance. Sompo Japan Group's weather risk management product is an index insurance that allows for a much poorer demographic to protect itself against changing weather conditions.
Actions* <i>Describe the activities to meet the case study objective, highlighting organizations, communities and/or experts to be engaged.</i>	<p>Sompo Japan has been jointly studying risk finance schemes that use insurance, with Sompo Japan Risk Management (SJRM) and the Japan Bank for International Cooperation (JBIC), in order to provide market mechanisms that enable adaptation measures in developing countries, in addition to each nation's public funding. Sompo Japan launched a pilot project showing the possibility of using weather index insurance as an effective tool in developing countries.</p> <p>Weather index insurance is a financial product that pays out a pre-stipulated amount if certain conditions are met against indexes for temperature, wind speed, precipitation, snow depth or other weather-related indices. This leads to immediate compensation for the loss of profit or expenses, keeping the insured from seeing decreased revenues.</p> <p>The main target is the agricultural sector in south-east Asia, where weather-related risk is difficult for local farmers to handle. Sompo Japan is especially focusing on farmers in northeast Thailand who rely on rainfall due to a shortage of water resources. As a consequence, harvests can fluctuate greatly depending on weather conditions. The development of weather index insurance requires highly reliable, long-term meteorological data, and Khon Kaen Province in Thailand has relatively precise meteorological weather stations compared to the rest of the northeast region. Accordingly, this area has been set as the target for product development.</p> <p>Thai farmers are often unfamiliar with insurance and struggle to pay back loans taken for agricultural equipment, etc. In response, Sompo Japan decided to develop a new scheme to sell an insurance product with loans from Thailand's Bank for Agriculture and Agricultural Cooperatives (BAAC).</p>
Expected results* <i>Describe the envisaged outputs/benefits of the case study/</i>	<p>The pilot project is ongoing. A simulation for full-scale product introduction started in May 2009, and Sompo Japan launched the product in 2010 and continued this project to date expanding sales area in the northeast region in Thailand. BAAC expects the project to succeed, as it has been valuable for the government in supporting farmers. Sompo Japan believes its know-how and product development capabilities can be used to help stabilize Thailand's agriculture and economy and aims to widen the use of such private sector risk financing methods for adaptation to climate change in developing countries in Asia. Private sector risk financing methods have been regarded as an effective adaptation measure due to their mobility and flexibility compared to public funding. However, to ensure the capacity to cover the risk, efficient risk transference to capital markets is needed. Sompo</p>

Indicators of achievement* <i>Describe any quantitative and/or qualitative indicator to show that the objective of the case study has been achieved.</i>	<p>Japan Group will continue to work on helping tackle climate change by developing such tools.</p> <p>As a result of the simplicity of the product, where insurance is paid out according to the observed result of accumulated precipitation, the product has been rated highly by farmers in Thailand. The insurance has sold above the target of 1000 subscriptions in 2010. Sompo Japan has expanded the sales of the product to five provinces in 2011 and nine provinces in 2012.</p>
Region(s) relevant to case study*	<ul style="list-style-type: none"> <input type="checkbox"/> All regions <input type="checkbox"/> Africa <input type="checkbox"/> Arab States <input checked="" type="checkbox"/> Asia <input type="checkbox"/> Caribbean <input type="checkbox"/> Central America <input type="checkbox"/> Europe <input type="checkbox"/> Least Developed Countries <input type="checkbox"/> North America <input checked="" type="checkbox"/> Pacific <input type="checkbox"/> Polar regions <input type="checkbox"/> Small Island Developing States <input type="checkbox"/> South America
Country(ies) relevant to case study	<p>Japan and Thailand</p>
Business sector of the organization(s)*	<ul style="list-style-type: none"> <input type="checkbox"/> Intergovernmental organization <input type="checkbox"/> National/regional programme/initiative <input type="checkbox"/> Non-governmental organization <input checked="" type="checkbox"/> Private sector entity <input type="checkbox"/> Research institute <input type="checkbox"/> UN organization/agency
Adaptation sector relevant to case study*	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Capacity building, education and training <input type="checkbox"/> Energy <input checked="" type="checkbox"/> Finance and insurance <input checked="" type="checkbox"/> Food, agriculture, forestry and fisheries <input type="checkbox"/> Human health <input type="checkbox"/> Oceans and coastal areas <input checked="" type="checkbox"/> Science, assessment, monitoring and early warning <input type="checkbox"/> Technology and Information & Communications Technology (ICT) <input type="checkbox"/> Terrestrial ecosystems <input type="checkbox"/> Tourism <input type="checkbox"/> Transport, infrastructure and human settlements <input checked="" type="checkbox"/> Water resources

* Mandatory fields

¹ More information on the Nairobi work programme work areas is available at: <<http://unfccc.int/nwp>>

Disclaimer: These business cases have been cited to raise awareness about the engagement of the private sector in climate change adaptation. The information in the business cases has been provided either directly by the organization or obtained from a public source. The UNFCCC Secretariat has not verified the information and takes no responsibility for it. Users are therefore advised to verify the information before they take any action relying on the information provided in the business cases.

Adaptation activity delivered by case study*	<input type="checkbox"/> Capacity building <input type="checkbox"/> Climate-resilient development planning <input type="checkbox"/> Communications and awareness-raising <input checked="" type="checkbox"/> Disaster risk reduction <input type="checkbox"/> Early warning systems <input type="checkbox"/> Education <input type="checkbox"/> Financial support <input type="checkbox"/> Humanitarian assistance <input type="checkbox"/> Knowledge management <input type="checkbox"/> Monitoring and evaluation <input checked="" type="checkbox"/> Pilot adaptation programmes/projects <input type="checkbox"/> Risk/vulnerability mapping <input type="checkbox"/> Training
Work areas of the NWP¹ <i>Select among the nine work areas of the NWP that apply to the case study.</i>	<input type="checkbox"/> Adaptation planning and practices <input type="checkbox"/> Climate modelling, scenarios and downscaling <input checked="" type="checkbox"/> Climate-related risks and extreme events <input type="checkbox"/> Data and observations <input checked="" type="checkbox"/> Economic diversification <input type="checkbox"/> Methods and tools <input type="checkbox"/> Research <input type="checkbox"/> Socio-economic information <input type="checkbox"/> Technologies for adaptation
Target group*	<input type="checkbox"/> Academics <input type="checkbox"/> Children <input type="checkbox"/> Communities <input type="checkbox"/> Policy makers <input checked="" type="checkbox"/> Practitioners <input checked="" type="checkbox"/> Private sector <input type="checkbox"/> Women
Link <i>Further information on relevant websites.</i>	Sompo Japan: http://www.sompo-japan.co.jp/english/ SJNK(Thailand) : http://www.sjnk.co.th/ <i>Articles and reports</i> Asia Insurance Review article, August 2010 Corporate Social Responsibility communications Weather Index Insurance for drought risk in Thailand - presentation Weather Index Insurance for drought risk in Thailand - news release Asia Insurance Review article, January 2011 UNEP The Business Case for Green Economy <i>Conferences and presentations</i> OECD conference presentation: financial management of large-scale catastrophies - presentation 2009. Information about OECD conference: financial management of large-scale catastrophies <i>Involvement with the development of ISO 26000</i> Sompo Japan Insurance was closely involved with the development of the ISO 26000 standard on social responsibility , in particular section 6.5.5 on climate change mitigation and adaptation. Participation in UNEPFI Principles for Sustainable Insurance as a founding signatory Sompo Japan Insurance participated in the drafting team of Principles for Sustainable Insurance led by UNEPFI.

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<p>Picture to illustrate case study Provide high resolution image (*.jpg or *.png)</p>	
<p>Description Provide a title and brief description of the picture and of the case study. This information will appear with your image on the homepage of the NWP.</p>	<p>This case study shows a new need by farmers: weather index insurance. Sompo Japan Group's weather risk management product is an index insurance that allows for a much poorer demographic to protect itself against changing weather conditions.</p>
<p>Credits Provide the name of the photographer or the copyright references.</p>	<p>Sompo Japan Insurance, Inc.</p>

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