

## **Participation in the “Pacific Disaster Risk Financing Pilot Program”**

Mitsui Sumitomo Insurance Co., Ltd. (President: Yasuyoshi Karasawa), a member of the MS&AD Insurance Group, (hereafter “the Company”) has been selected as one of the underwriters for natural disaster risk under the “Pacific Disaster Risk Financing Pilot Program” inaugurated in January 2013.

This program has been established through collaboration between the Government of Japan and the World Bank with the objective of providing reconstruction funds promptly to affected countries/regions in cases natural disasters of a certain scale occur in Pacific Island countries without well-developed insurance capacity for such instances.

The Company has long advocated the need for multilateral programs for disaster support. With large-scale disasters increasing worldwide, the need for these programs is growing. The Company is committed to making a social contribution to the Pacific Island region through participation in this first program in the region.

### **1. Overview of the Program**

- (1) Name: Pacific Disaster Risk Financing Pilot Program
- (2) Countries Covered: the Independent State of Samoa, the Kingdom of Tonga, the Republic of the Marshall Islands, the Republic of Vanuatu and the Solomon Islands
- (3) Commitment Period: January 17, 2013 to October 31, 2013
- (4) Risks Covered: Tropical cyclones and earthquakes
- (5) Notional Amount: Maximum of approximately 4.0 billion yen

### **2. Scheme of the Program**

Through derivative transactions with the International Development Association, a member of the World Bank group, Pacific Island countries will be provided with recovery funds in the event that they suffer natural disasters of a predetermined scale.

Since payments are made in accordance with standards for forecast damage amounts under defined risk measurement models based on damage parameters (wind velocity for tropical cyclones, magnitude for earthquakes, etc.), there is no need for damage assessments, and countries hit by disasters will quickly be able to procure funds for recovery.

