

Speaker : Chie Chono (Sompo Risk Management Inc.)

Title : Catastrophe modeling and weather index insurance designing in insurance company

First topic is catastrophe modeling, an important component of a risk management strategy, in insurance companies. Insurance companies use catastrophe models (CAT models) to estimate the range of potential catastrophes and their corresponding losses, which allow us to determine how much loss we could sustain over a period of time, how to price products to balance market needs and potential costs, and how much risk we should transfer to reinsurance companies. We will introduce our Japan typhoon and flood models as examples of CAT models.

Second topic is weather index insurance (WII) designing. WII is a simplified form of insurance in which indemnity payouts are made based on pre-established value of index. The index should be based on an objective measure (for example, rainfall, wind speed, temperature) that exhibits a strong correlation with the variable of interest (in agricultural case, crop yield). We will describe our WII designing for agricultural sectors of Asian countries.