

The Design of Index and Payment Solutions of Weather Index Insurance

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The research aims to design the index and to develop paymentsolutions for rubber trees typhoon index insurance in Hainan province, China.It is a sub-project of Research and Pilots of Rubber Tree Typhoon Index Insurance in Hainan Province, which is supported by World Bank.

The selection of index selection includes two parts. Firstly, design a number of possible insurance index, depend on the data of hazard factors, hazard inducing environment and hazard-affected body. Secondly, make vulnerability model using index and the historical loss. The core of vulnerability modeling is finding a reasonable experience relationship between the index and the loss. The more the Index could explain the loss of variation, the better is the index sensitivity,and the more accurate expression of the external loss.

Payment solution design include set a number of insurance level and determine the index as a function of insurance claims to one typhoon event, depend on the relation of index and loss. Payment solutionto more than a typhoon event, include starting conditions for compensation, termination conditions, compensation amount accumulative total solution and termination. Finally, we form sets of product compensation scheme for index insurance product design reference.

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