



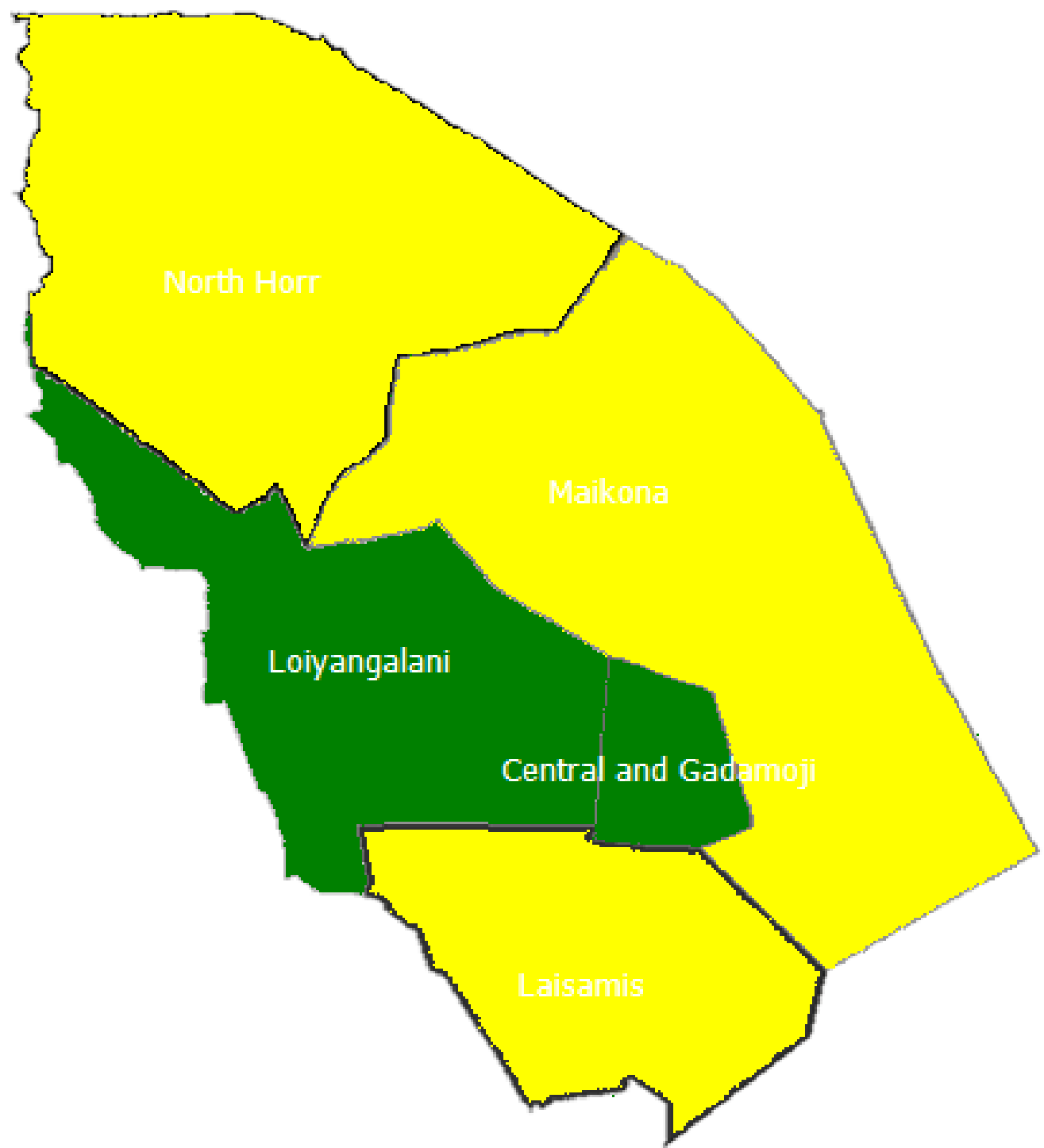
INDEX BASED LIVESTOCK INSURANCE

Index announcement for October 2012

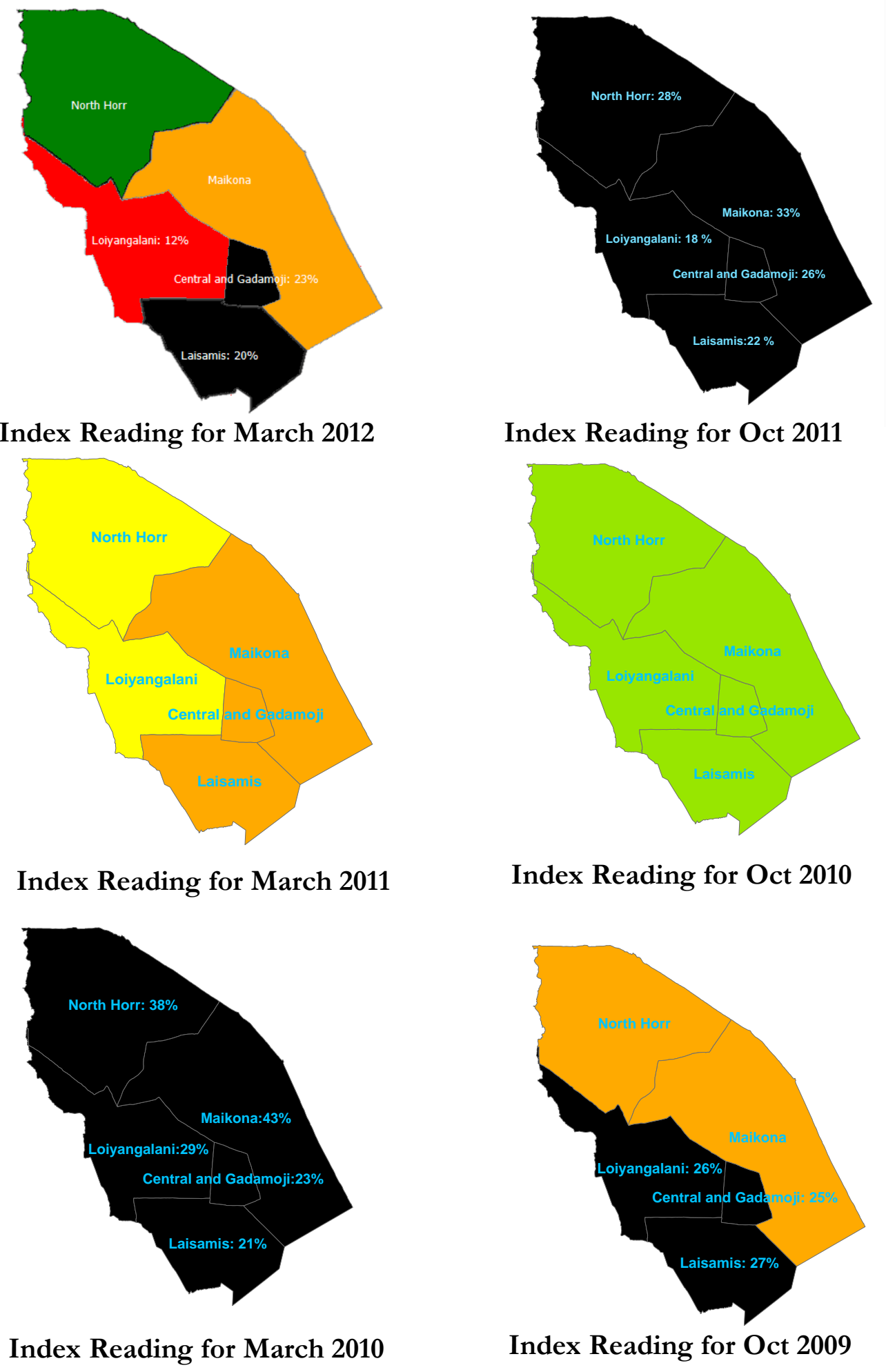
- The IBLI color legend below describes the state of the index in a simple and easy to understand format.
- The actual index percentage are only presented when the index is above 10% (Red or Black color) as this is where the index number signifying the increasing loss of livestock becomes important for insurance payouts
- Recall that insurance Payouts are made when the index is above 15%
- For the October 2012 potential payout period, no payments will be made as the index is below the trigger level in all the five divisions

Green	Good Regime Stable: Here, the division in question is within a good regime and is characterized as stable. This means that the forage conditions are above normal and are either improving or at least have not worsened over two consecutive months. Index readings do not relate to livestock mortality due to forage scarcity.
Yellow	Good Regime Worsening: While the division in question is characterized by better than average forage cover over the past year, the situation has been consistently worsening within the past two months (that is to say that the past two months the forage situation has been lower than the long run average). Index readings do not relate to livestock mortality due to forage scarcity.
Orange	Bad Regime Moderate: The sum of forage available over the past year has dropped below the long-run average. However, while the division in question is under considerable stress, the model predicts less than 10% average livestock mortality . At these levels the model is not as accurate in predicting losses as they are not yet widespread.
Red	Bad Regime Accute: Average livestock deaths predicted to be between 10 and 15% . At this level, model predictions become more precise. The situation is quite serious but not yet classified as severe. The IBLI product has not yet triggered and at least individuals are expected to cater to this level of losses.
Black	Bad Regime Severe: The drought is now severe. Forage scarcity has been pronounced over a long period and greater than 15% of livestock in the area are predicted to have died. Insurance payments have been triggered.

Index reading for Marsabit – October 2012



Previous Index readings for Marsabit



* Given the predicted mortality rates as above and with payments being made for losses above 15%, there will no payments made to the insureds in all the five divisions