



# INDEX BASED LIVESTOCK INSURANCE

Index update for 18 Feb 2012 - 4 Mar 2012

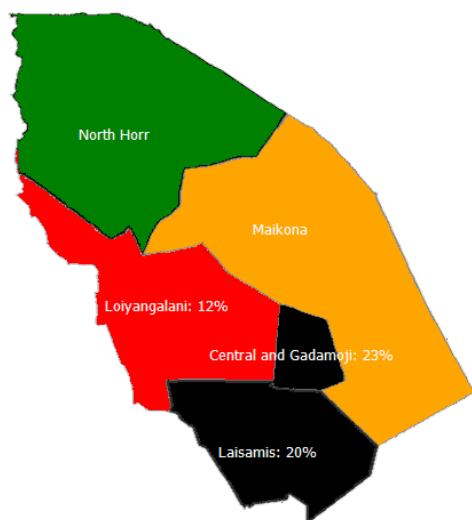
## Index Based Livestock Insurance (IBLI)

- The IBLI color legend describes the state of the index in a simple and easy to understand format
- Index announcements will be presented in the format shown below
- The actual index percentage will only be 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
- Insurance payouts are made if the index is above 15% at the end of dry seasons in March and October

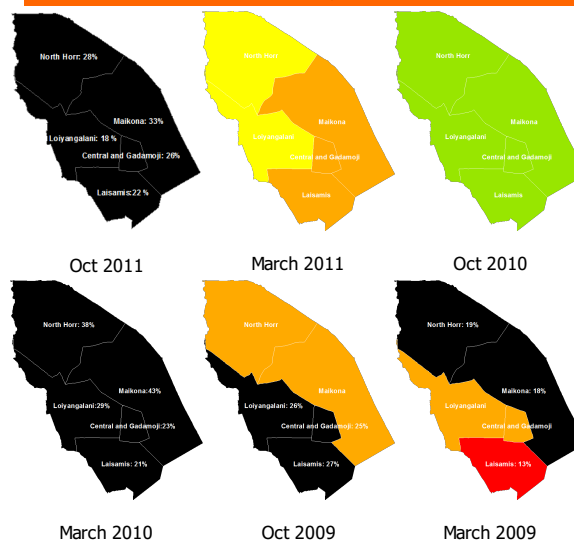
## Index Based Livestock Insurance Color Legend

<b>Green</b>	<b>Good Regime Stable:</b> 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.
<b>Yellow</b>	<b>Good Regime Worsening:</b> 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.
<b>Orange</b>	<b>Bad Regime Moderate:</b> 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 <b>predicts less than 10% average livestock mortality</b> . At these levels the model is not as accurate in predicting losses as they are not yet widespread.
<b>Red</b>	<b>Bad Regime Accute:</b> Average livestock deaths predicted to be <b>between 10 and 15%</b> . At this level, model predictions become more precise. The situation is quite serious but not yet classified as severe. Indemnity payout will not be triggered and individuals are expected to cater to this level of losses.
<b>Black</b>	<b>Bad Regime Severe:</b> 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. Indemnity payout will be triggered if conditions persist throughout the season up to the potential payout period.

Index reading for Marsabit: 18 Feb 2012 - 4 Mar 2012



Previous Index readings for Marsabit



For more information on the IBLI project, visit <http://livestockinsurance.wordpress.com>.