

## CROP 2008 SYNOPSIS

### 1.0 GENERAL INSURANCE

- 1.1 Crop 2008 harvest and milling season was exceptionally longer than usual, starting on 13<sup>th</sup> June 2008 and ending on 30<sup>th</sup> December 2008 with final figures being obtained in late January 2009. This year also saw abnormally high tonnages of canes transferred in between factory areas due to a number of reasons.

Total caneweight sent to mills for sugar production reached 4.533 million tonnes resulting in a sugar production of 455,374 tonnes for insurance purposes at an islandwide average extraction rate of 10.04%. Milling activities took place in 6 factories only as Mon Desert Alma factory closed down and Mon Loisir factory was not operational.

#### 1.2 Climatic Conditions

- 1.2.1 Rainfall for the period October 2007 to February 2008 was 20% lower than the long-term mean of the island for that period. Though deficient against the long-term mean, rainfall was sufficient to meet the monthly crop water requirement in the East, South and Centre, however lacking for the rain-fed crops of the North and West.

- 1.2.2 The passage of tropical storm "Lola" at the end of March 2008 brought torrential rainfall during a relatively short time span. Sector-wise, rainfall was well above the respective long-term mean for the month with 461 mm in the North, 714 mm in the East, 477 mm in the South, 272 mm in the West and 663 mm in the Centre. These figures represented 286%, 294%, 147%, 243% and 197% of the long-term mean of these sectors.

Cane fields in the East and Centre were most affected, with torrential rains received on 26 March 2008 affecting mostly the plant cane crops recently planted.

- 1.2.3 During May 2008, above normal rainfall was recorded in sectors North, East, South, West and Centre amounting to 136%, 170%, 246%, 161% and 160% of the respective long term means. Excessive rainfall recorded during May was not conducive to sucrose accumulation and ripening.

- 1.2.4 During June 2008, above normal rainfall was recorded in sectors North, East, South, West and Centre amounting to 190%, 150%, 128%, 258% and 142% of their respective long-term means. Excessive rainfall during June has not been conducive to both cane growth and sucrose accumulation.

- 1.2.5 Rainfall during September 2008 represented 609%, 562%, 340%, 1215% and 306% respectively of the long-term means in the North, East, South, West and Centre sectors. Cumulated rainfall for the period October 2007 to September 2008 recorded was 1616 mm in the North, 2883 in the East, 2802 mm in the South, 1112 mm in the West and 2923 mm in the Centre.

#### 1.3 Declaration of Event Year

- 1.3.1 On 18<sup>th</sup> December 2008, the Board, in exercise of its powers under Section 25 of the SIF Act, decided that an Event Year be declared with respect to Crop 2008 on account of drought and excessive rainfall for the factory areas of (i) Belle Vue, (ii) Médine and (iii) Mon Loisir; and on account of excessive rainfall for the factory areas of (i) Deep River Beau Champ, (ii) FUEL; (iii) Savannah and (iv) Union Saint Aubin.

- 1.3.2 Furthermore, the Board decided that with respect to crop 2008, compensation net of premium be payable on the extents of cane plantations partly or totally destroyed by excessive rainfall in

respect of the factory areas of (i) Deep River Beau Champ; (ii) Belle Vue; (iii) FUEL; (iv) Médine; (v) Mon Loisir and (vi) Savannah.

1.5.5 Crop 2008 witnessed yet another substantial drop in harvest extent with a reduction of some 2,840 hectares from last year. Total harvest extent island-wide used for assessment is 60,381 hectares for planters who supplied canes whereas total caneweight sent to mill was 4,533,384 tonnes. Table 3 shows the harvest extent, caneweight and cane yield distributions for the 2008 Crop by factory area.

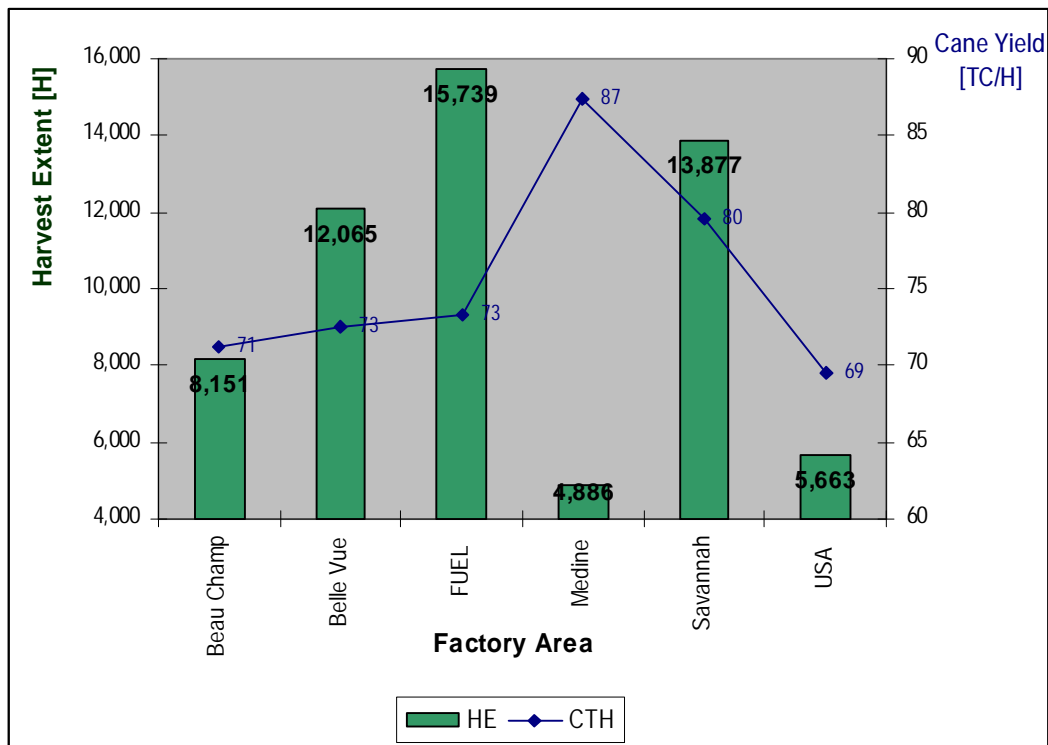
Table 3

FACTORY AREA	HARVEST EXTENT [H]	CANEWEIGHT [T]	CANE YIELD [T/H]
Beau Champ	8,151	580,118	71
Belle Vue	12,065	875,344	73
FUEL	15,739	1,154,035	73
Medine	4,886	426,959	87
Savannah	13,877	1,103,585	80
USA	5,663	393,343	69
TOTAL	60,381	4,533,384	75

The highest harvest extent was in FUEL factory area with 15,739 hectares whereas Medine factory area had the lowest (4,886 H). Medine factory had the highest cane yield (87 TC/H) whilst Union St Aubin factory area had the lowest cane yield (69 TC/H).

Chart 3 below depicts the harvest extent and cane yield distributions for the 2008 Crop by factory area.

Chart 3

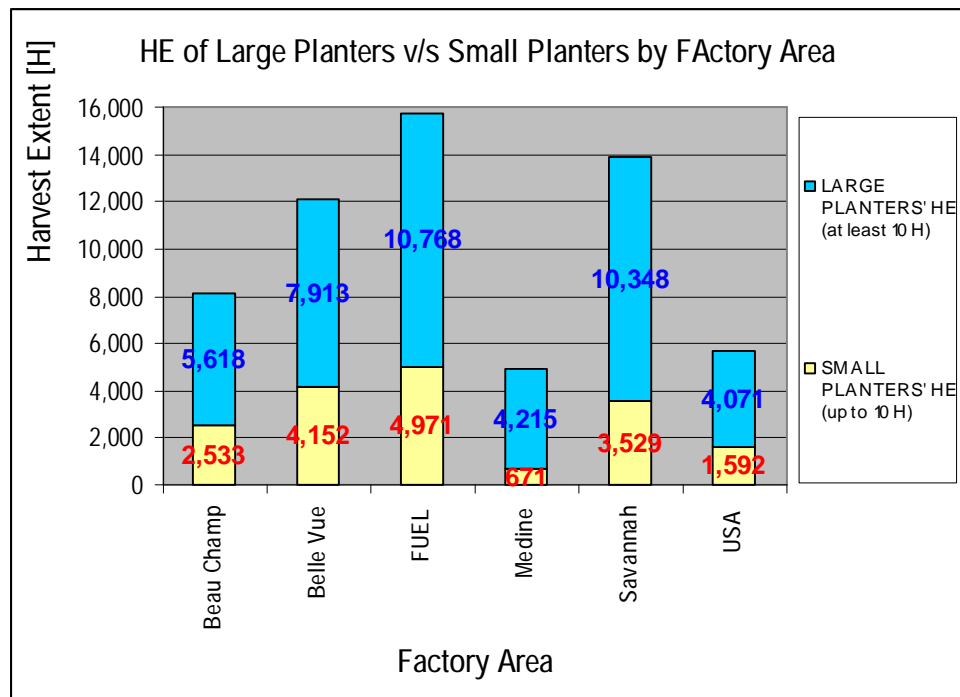


1.5.6 Table 4 and Chart 4 below show the breakdown of Harvest Extent between small and large planters by factory area. A small planter is defined as having harvest extent of up to 10 hectares and a large planter as having harvest extent of at least 10 hectares.

Table 4

FACTORY AREA	Harvest Extent [H]				Total [H]
	Small Planters (Less than 10 H)	% of Islandwide HE	Large Planters (At least 10 H)	% of Islandwide HE	
Beau Champ	2,533	4.2%	5,618	9.3%	8,151
Belle Vue	4,152	6.9%	7,913	13.1%	12,065
FUEL	4,971	8.2%	10,768	17.8%	15,739
Medine	671	1.1%	4,215	7.0%	4,886
Savannah	3,529	5.8%	10,348	17.1%	13,877
USA	1,592	2.6%	4,071	6.7%	5,663
TOTAL	17,447	28.9%	42,933	71.1%	60,381

Chart 4



1.5.7 The number of accounts by factory area and by size of planters is tabulated at Table 5 and depicted at Charts 5(a) and 5(b) below.

Table 5

Factory Area	No. of Accounts				Total
	Small Planters (Less than 10 H)	% of Total No. of A/cs Islandwide	Large Planters (At least 10 H)	% of Total No. of A/cs Islandwide	
Beau Champ	2,973	13.1%	15	0.1%	2,988
Belle Vue	5,856	25.8%	31	0.1%	5,887
FUEL	6,672	29.3%	27	0.1%	6,699
Medine	558	2.5%	20	0.1%	578
Savannah	5,306	23.3%	18	0.1%	5,324
USA	1,237	5.4%	28	0.1%	1,265
<b>Total</b>	<b>22,602</b>	<b>99.4%</b>	<b>139</b>	<b>0.6%</b>	<b>22,741</b>

Chart 5(a)

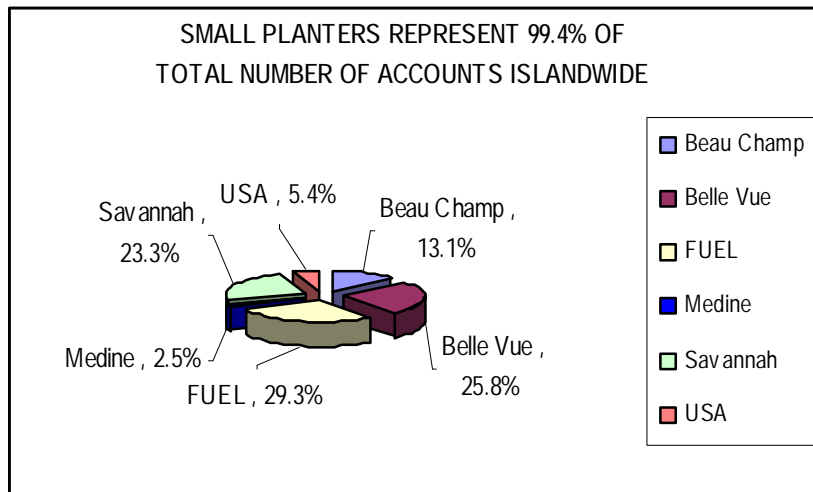
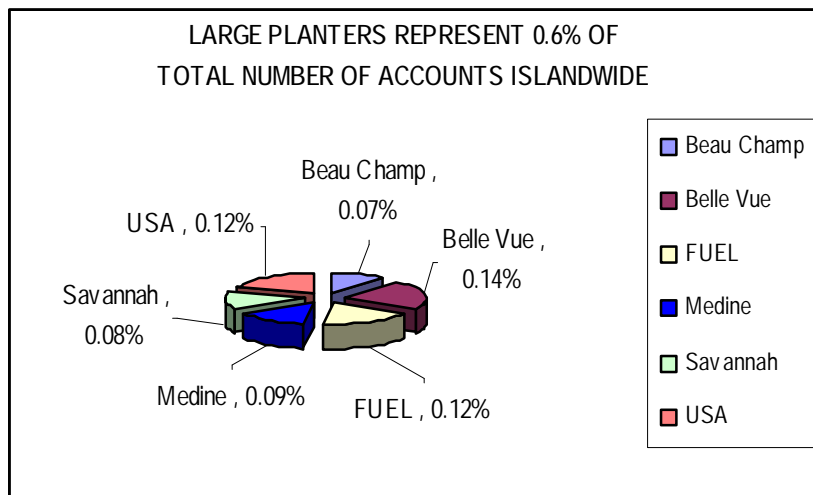


Chart 5(b)



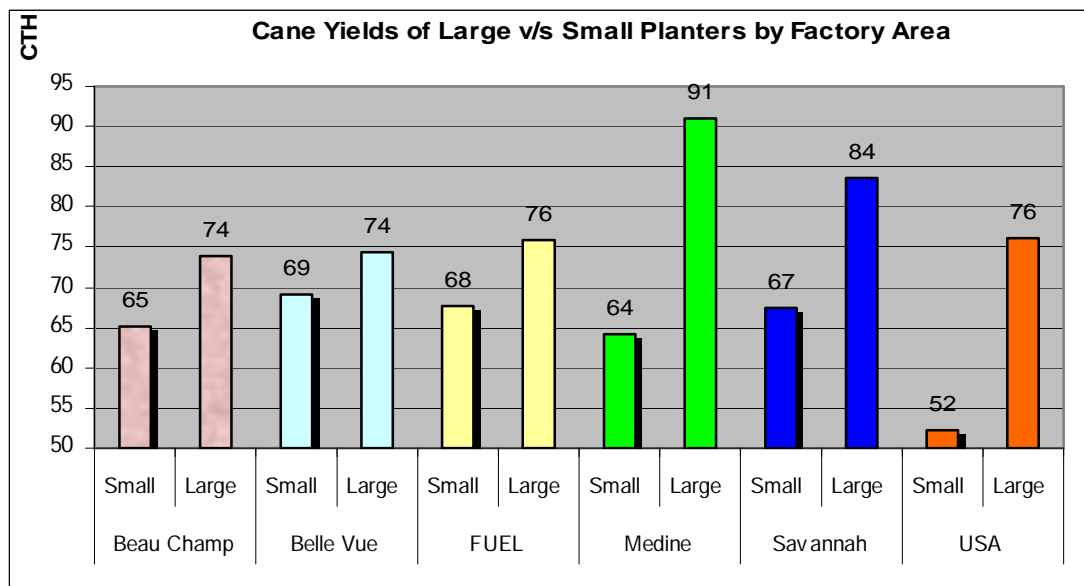
1.5.8 The weighted average cane yields of large planters exceeded those of small planters in all of the respective factory areas (Table 6 and Chart 6 below).

Table 6

Factory Area	Size	Harvest Extent (HE) [H]	Caneweight [T]	Tonnes of Canes per Hectare (CTH)
Beau Champ	Small	2,533	164,993	65
	Large	5,618	415,125	74
Belle Vue	Small	4,152	287,214	69
	Large	7,913	588,130	74
FUEL	Small	4,971	336,350	68
	Large	10,768	817,685	76
Medine	Small	671	43,014	64
	Large	4,215	383,945	91
Savannah	Small	3,529	238,075	67
	Large	10,348	865,510	84
USA	Small	1,592	83,091	52
	Large	4,071	310,252	76
TOTAL	SMALL & LARGE	60,381	4,533,384	75

The highest average cane yield is with respect to Médine large planters (91 Tonnes of Cane per Hectare (CTH)) and the lowest average cane yield is with respect to Union St Aubin small planters (52 CTH).

Chart 6



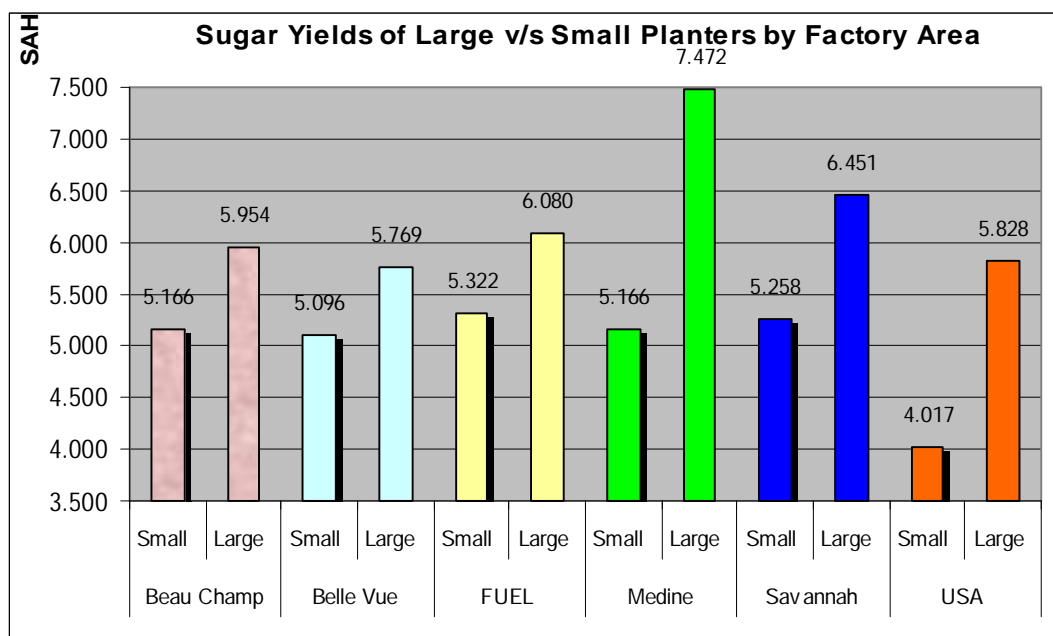
1.5.9 The weighted average sugar yields (at planter's share) of large planters consistently exceeded those of small planters in all of the respective factory areas (Table 7 and Chart 7 below).

Table 7

Factory Area	Size	Harvest Extent [H]	Sugar Accruing (SA) at planter's share [T]	Sugar Accruing per Hectare (SAH) at planter's share
Beau Champ	Small	2,533	13,085	5.166
	Large	5,618	33,450	5.954
Belle Vue	Small	4,152	21,157	5.096
	Large	7,913	45,649	5.769
FUEL	Small	4,971	26,457	5.322
	Large	10,768	65,473	6.080
Medine	Small	671	3,464	5.166
	Large	4,215	31,493	7.472
Savannah	Small	3,529	18,556	5.258
	Large	10,348	66,757	6.451
USA	Small	1,592	6,395	4.017
	Large	4,071	23,727	5.828
Total	SMALL & LARGE	60,381	355,662	5.890

The highest weighted average sugar yield (at planter's share) is with respect to Médiine large planters (7.472 /H) and the lowest average sugar yield (at planter's share) is with respect to Union St Aubin small planters (4.017 /H). The maximum differential between large and small planters is 2.306 /H in Medine factory area.

Chart 7



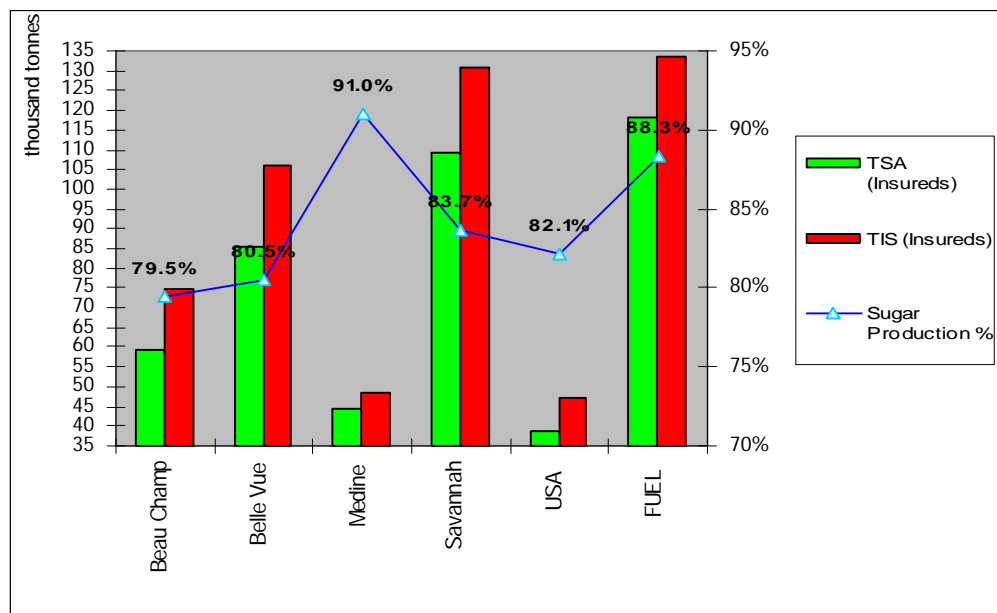
1.5.10 Table 8 below shows the Total Sugar Accrued (TSA) of insureds in each factory area together with their Total Insurable Sugar (TIS) and their respective sugar production percentage (defined as the ratio of TSA to TIS).

Table 8

FACTORY AREA	Total Sugar Accrued (TSA) [T]	Total Insurable Sugar (TIS) [T]	Production %
Beau Champ	59,453	74,781	79.5%
Belle Vue	85,370	106,015	80.5%
Medine	44,360	48,749	91.0%
Savannah	109,386	130,649	83.7%
USA	38,698	47,113	82.1%
FUEL	118,107	133,696	88.3%
Grand Total	455,374	541,003	84.2%

Chart 8 below depicts the TIS against the TSA of insureds in each factory area with the factory area sugar production percentages being shown as a line chart.

Chart 8



For Crop 2008, Médine was the factory area with the highest sugar production percentage (91.0%); for the past 8 years (2001-2008), Médine FA ranked at least third in terms of highest sugar production percentage.

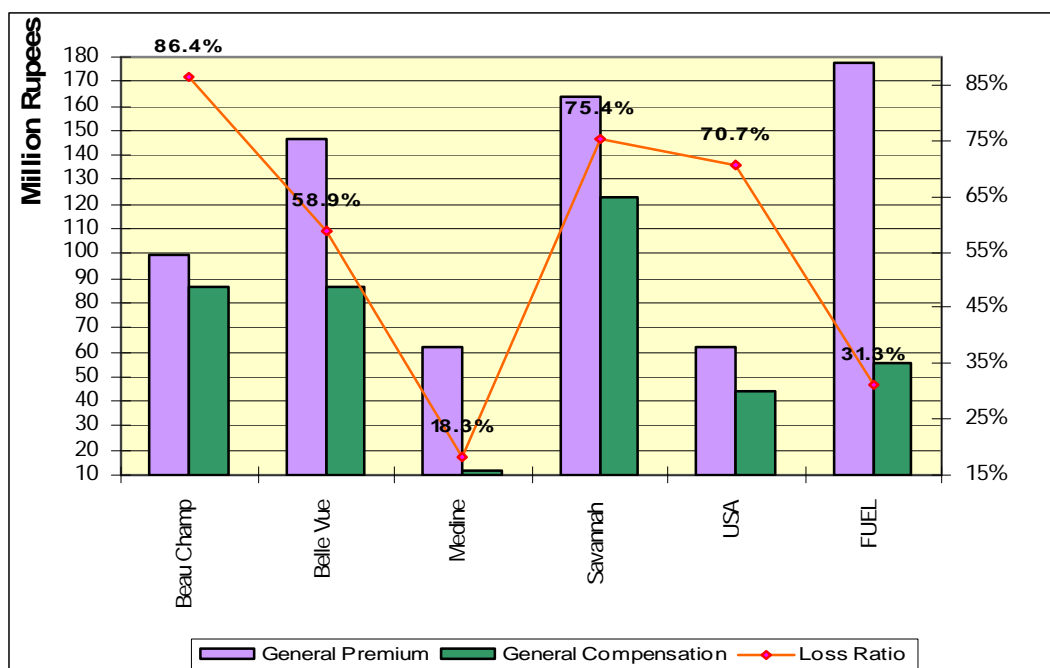
- 1.5.11 Table 9 below shows the Total General Premium claimable, the Total General Compensation payable and the loss ratio (defined as the ratio of General Compensation to General Premium) by factory area whilst Chart 9 below illustrates the Total General Premium claimable, the Total General Compensation payable and insureds' loss ratio by factory area.

Table 9

FACTORY AREA	General Premium Claimable [Rs]	General Compensation Payable [Rs]	Loss ratio %
Beau Champ	99,713,767	86,103,261	86.4%
Belle Vue	146,699,685	86,416,114	58.9%
Medine	62,406,546	11,409,148	18.3%
Savannah	163,364,176	123,227,767	75.4%
USA	61,961,361	43,823,865	70.7%
FUEL	177,706,494	55,651,016	31.3%
Island	711,852,030	406,631,172	57.1%

For Crop 2008, Médine was the factory area with the lowest loss ratio (18.3%); for the past 8 years (2001-2008), Médine FA ranked at least second in terms of lowest loss ratio.

Chart 9



## 1.8 Sugar Prices for Insurance purposes

- 1.8.1 Following the European Commission's decision to reduce sugar prices by 36% in 2009, cut in sugar price culminated to 12% for Crop 2008, following a first cut of 5% in sugar price for Crop 2006 and a year of respite for Crop 2007. Crop 2008 sugar prices used for insurance purpose were Rs16,444 and Rs16,000 per tonne respectively for planters and millers.
- 1.8.2 Rates payable for each tonne of insurable sugar short produced on the extent destroyed by excessive rainfall were Rs16,444 per tonne for ratoon and virgin canes and Rs8,222 for plant canes, i.e. half the rate for ratoon and virgin canes.  
As provided for under the Act, all the above rates were approved by the Minister.



## 2.0 Fire Insurance

2.1 Crop 2008 was the second year following implementation of the recommendations of the Actuarial Review to increase fire rates by 25%.

The loss ratio under fire insurance is 101.4% representing an island wide compensation of Rs6.876 M (inclusive of transport allowance) against an island wide premium of Rs6.780 M. The number of accounts affected by intercrop fire is 187 with a total (compensable) extent of some 135 hectares. Among the factory areas having compensable fire cases, the highest number of compensable hectares destroyed by fire is in the factory area of Belle Vue (39 hectares) and the lowest is in the factory area of Union Saint Aubin (0.730 hectare). The former factory area of Rose Belle had no compensable fire cases.

2.2 Rates applied by the Fund for transport allowance for crop 2008 were Rs.7.63 per tonne of canes per kilometre in excess of 6 kilometres with respect to planters supplying up to 100 tonnes of canes during the crop and Rs.6.94 per tonne of canes per kilometre in excess of 6 kilometres with respect to planters supplying more than 100 tonnes of canes during the crop. The total amount disbursed under road transport allowance was some Rs208,364.

2.3 Following a year of surplus, the Fire Insurance account had a deficit of some Rs96,000 for crop 2008.

## 3.0 RECAPITULATION

### 3.1 General Insurance Account

No. of Accounts:	22,741
Harvest Extent:	60,381 hectares
Total Sugar Accrued:	455,374 tonnes
Total Insurable Sugar:	541,003 tonnes
Sugar Production %:	84.2%
Crop Reduction %:	15.8%
Loss Ratio %:	57.1%

### 3.2 Fire Insurance Account

No. of Accounts:	187
Extent Burnt:	135 hectares
Loss Ratio %:	101.4%