SUGAR INSURANCE FUND BOARD

CROP 2011 SYNOPSIS

1.0 GENERAL INSURANCE

1.1 Special Discount on General Premium

The Board at its meeting of 20th October 2011 decided that another exceptional discount of 70% be granted to all insureds inclusive of millers, planters and métayers on General Insurance Premium payable for Crop 2011 in December. This follows the Board's decision of granting a discount on general premium for Crop 2009 and Crop 2010 at the rates of 10% and 70% respectively. This exceptional measure was resorted to in the wake of the Actuarial Review which if adopted can be implemented for crop 2012 earliest, and in view of the short term pressures on the sugar industry and the strength of the Fund as recommended by its Consulting Actuary.

This exceptional measure benefitted some 18,816 insureds and cost the Board around Rs 397 M. The total discount given for the three successive crop years (Crops 2009, 2010 and 2011) amounted to Rs 815.5 M.

1.2 Crop 2011 Climatic Conditions

A prolonged drought prevailed in all factory areas during the vegetative phase of 2011 crop.

On the 20th December 2011, the Board in exercise of its powers under Section 25 of the Sugar Insurance Fund Act, declared Crop 2011 to be an event year in respect of all factory areas on account of drought.

1.3 Sugar Production

The area harvested for crop 2011 came up to 55,776 hectares compared with 57,670 hectares for crop 2010.

Total caneweight sent to mills for sugar production was 4.230 million tonnes resulting in a total sugar production of 439,406 tonnes at an island-wide average extraction rate of 10.39% against a total insurable sugar of 480,995 tonnes, i.e. a sugar production of 91%.

Total general compensation payable by the Board for Crop 2011 was to the tune of Rs 191.2 M.

1.4 Ranking

The weighted average Ranking for crop 2011 came up to 10.5 compared with 9.5 for crop 2010.

1.5 Abandonment of Cane Lands :

Following an island-wide field survey exercise, the SIFB published a report entitled "Abandonment of Cane Lands - a survey carried out by the SIFB covering the period 2001 to 2010". A leaflet highlighting the main points was mailed to all insureds of the SIFB and stakeholders of the sugar industry.

The report, identifying the reasons of abandonment of cane plantation other than change in land use, can be browsed on our website (www.sifb.biz).

1.6 Sugar Price for Insurance

The sugar price for Crop 2011 was in December 2011, determined at the rate of Rs 16,013 per metric tonne of sugar for planters.

The sugar price applicable for millers' was determined at Rs 15,300 per metric tonne of sugar.

The weighted mean of sugar price is Rs 15,856 per tonne for crop 2011.

1.7 Milling Operations

There were 6 Milling Factories in operation for crop 2011 namely Belle Vue and Mon Loisir in the North Sector, Beau-Champ and FUEL in the East Sector, Medine in the West Sector and Omnicane in the South Sector.

Milling activities started in the factory area of Beau-Champ on the 11th June 2011 and ended in Omnicane on the 30th December 2011. The longest milling season was over a period of 166 days at Omnicane.

1.8 Statistical Analysis

1.8.1 Number of Accounts of Planters supplying canes

The total number of accounts of planters who supplied canes for crop 2011 was 18,810 (compared with 20,305 accounts for crop 2010).

The highest difference in the decline of the number of accounts per factory area for crop was in Omnicane with 429 accounts.

1.8.2 Harvest Extent and Cane yield Distribution

The area harvested for crop 2011 was 55,776 hectares, down by 1,894 hectares compared with 57,670 hectares for crop 2010.

The tonnage of canes milled island-wide in 2011 came up to 4,230,173 tonnes compared with 4,365,794 tonnes in 2010, implying a reduction of 135,621 tonnage of canes produced, due to fall in harvest extent and the prolonged drought.

Table 1 below shows the harvest extent, cane weight and cane yield distributions for crop 2011 for each active factory area.

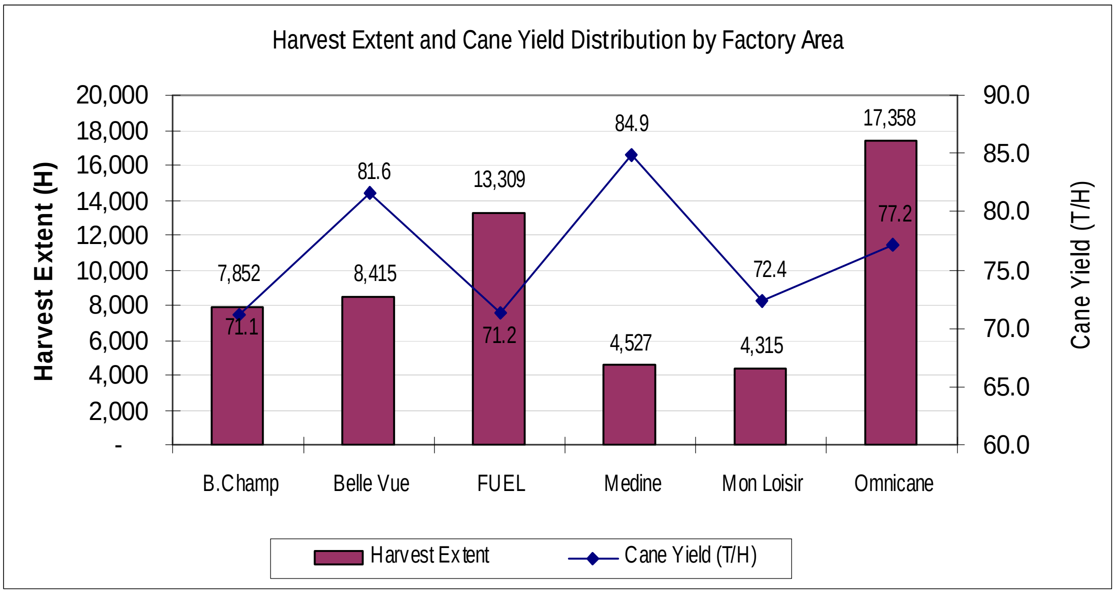
Table 1

Active Factory Area	Harvest Extent (H)	Cane Weight (T)	Cane Yield (T/H)
Beau Champ	7,852	558,653	71.1
Belle Vue	8,415	687,039	81.6
FUEL	13,309	948,120	71.2
Medine	4,527	384,518	84.9
Mon Loisir	4,315	312,523	72.4
Omnicane	17,358	1,339,320	77.2
Total	55,776	4,230,173	75.8

The highest harvest extent and the highest tonnage of canes milled were in Omnicane with 17,358 hectares and 1,339,320 tonnes of canes while Médine factory area recorded the highest cane yield (84.9 T/H).

Chart 1 below depicts the harvest extent and cane yield distribution by factory area for Crop 2011.

Chart 1



1.8.3 Category of Planters

Table 2 and charts 2(a) and 2(b) (page 4) classify the number of accounts by factory area and by category of planters (small and large).

A small planter is defined as having harvest extent of up to 10 hectares and a large planter as having harvest extent exceeding 10 hectares.

Table 2

Number of Accounts					
Active Factory Area	Small Planters (Up to 10 H)	% of Total Accounts Island-wide	Large Planters (more than 10 H)	% of Total Accounts Island-wide	Total Accounts
Beau Champ	2,429	12.91%	17	0.09%	2,446
Belle Vue	2,833	15.06%	17	0.09%	2,850
FUEL	5,666	30.12%	30	0.16%	5,696
Medine	423	2.25%	18	0.10%	441
Mon Loisir	1,878	9.98%	6	0.03%	1,884
Omnicane	5,451	28.98%	42	0.22%	5,493
Total	18,680	99.31%	130	0.69%	18,810

Over a total number of 18,810 planters, there were 18,680 planters cultivating up to 10 hectares and 130 planters cultivating more than 10 hectares of land.

The highest number of planters for crop 2011 among the active factory areas over the island was in FUEL (5,696 planters) and the lowest was in Medine (441 planters).

Chart 2(a)

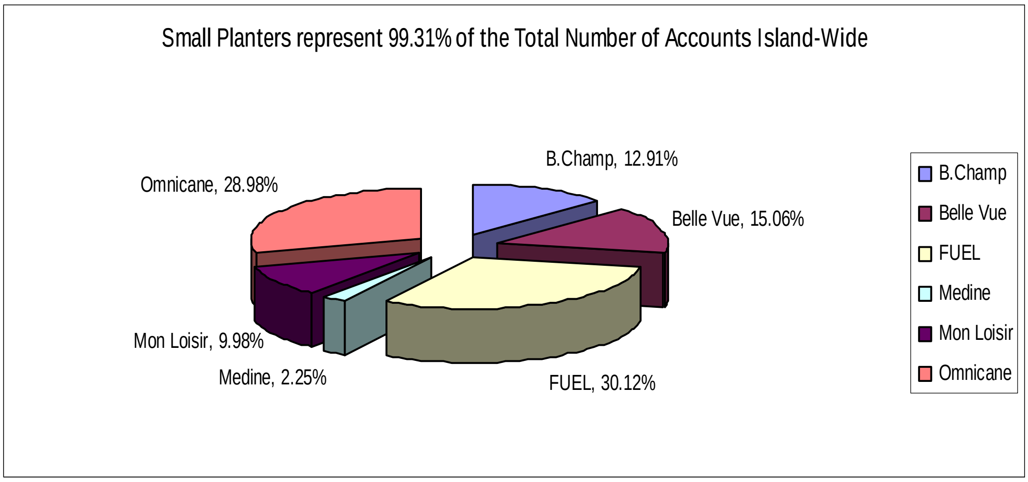


Chart 2(b)

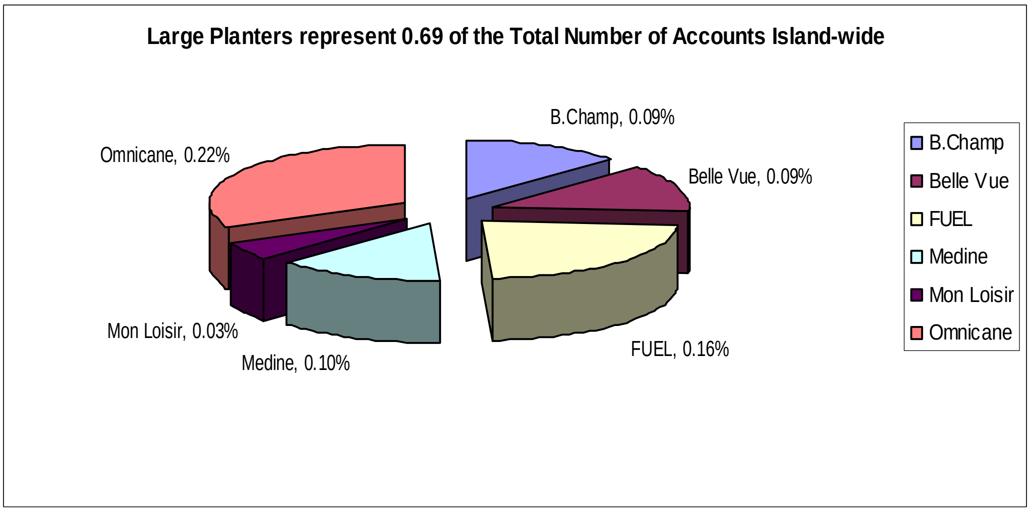
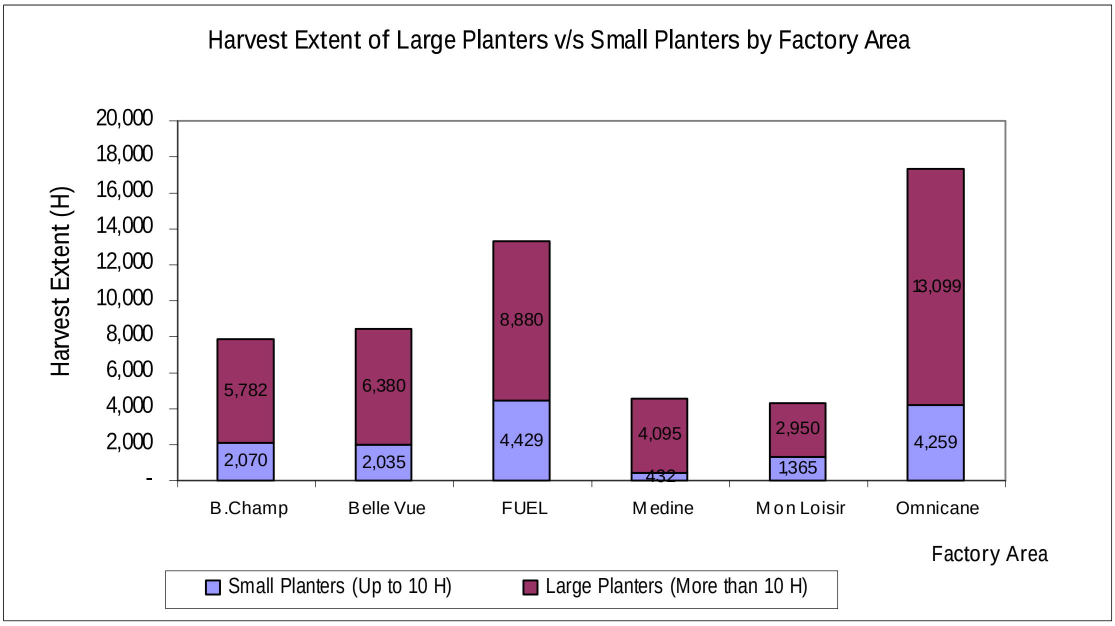


Table 3 and Chart 3 below show the breakdown of Harvest Extent between small and large planters by active factory area.

Table 3

Active Factory Area	Harvest Extent (H)				
	Small Planters (Up to 10 H)	% of Total Island-wide HE	Large Planters (more than 10 H)	% of Total Island-wide Harvest Extent	Total Harvest Extent
Beau Champ	2,070	3.7%	5,782	10.4%	7,852
Belle Vue	2,035	3.6%	6,380	11.4%	8,415
FUEL	4,429	7.9%	8,880	15.9%	13,309
Medine	432	0.8%	4,095	7.3%	4,527
Mon Loisir	1,365	2.4%	2,950	5.3%	4,315
Omnicane	4,259	7.6%	13,099	23.5%	17,358
Total	14,590	26.2%	41,186	73.8%	55,776

Chart 3



It can be observed from Table 2 (page 4) and Table 3 above that 99.31% of insureds were small planters with a total area harvested of 14,590 hectares, which represented 26.2% of island-wide harvest extent.

On the other hand, 0.69% of large planters had cane plantations of a total extent of 41,186 hectares which represented 73.8% of island-wide harvest extent.

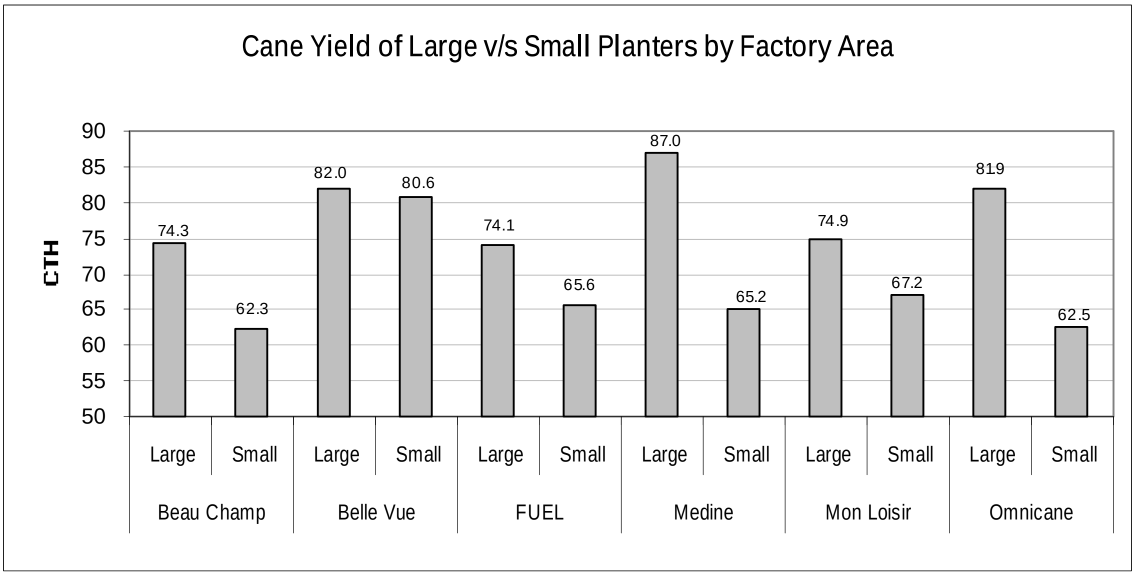
1.8.4 The weighted average cane yield per hectare of large planters exceeded those of small planters in all of the respective active factory areas (Table 4 below).

Table 4

Active Factory Area	Size	Harvest Extent (H)	Cane Weight (T)	Tonnes of Cane per Hectare (CTH)
Beau Champ	Large	5,782	429,746	74.3
	Small	2,070	128,907	62.3
Belle Vue	Large	6,380	522,928	82.0
	Small	2,035	164,111	80.6
FUEL	Large	8,880	657,565	74.1
	Small	4,429	290,555	65.6
Medine	Large	4,095	356,354	87.0
	Small	432	28,164	65.2
Mon Loisir	Large	2,950	220,820	74.9
	Small	1,365	91,703	67.2
Omnicane	Large	13,099	1,073,153	81.9
	Small	4,259	266,167	62.5
Total		55,776	4,230,173	75.8

Chart 4 below demonstrates the cane yield of small planters compared to large planters for Crop 2011 for each active factory area.

Chart 4



The highest weighted average cane yield per hectare of small planters was in the active factory area of Belle-Vue (80T644).

The highest weighted average cane yield per hectare of large planters was in the active factory area of Medine (87T022).

1.8.5 Sugar Yield

The average sugar yield as well (at planter's share) of large planters consistently exceeded those of small planters in all of their respective factory areas. Table 5 below shows Crop 2011 sugar yield per hectare for small planters and large planters by factory area.

The highest weighted average sugar yield (at planters' share) was with respect to Médine large planters (7T418 /H) and the lowest average sugar yield (at planter's share) was with respect to Beau-Champ small planters (4T981 /H).

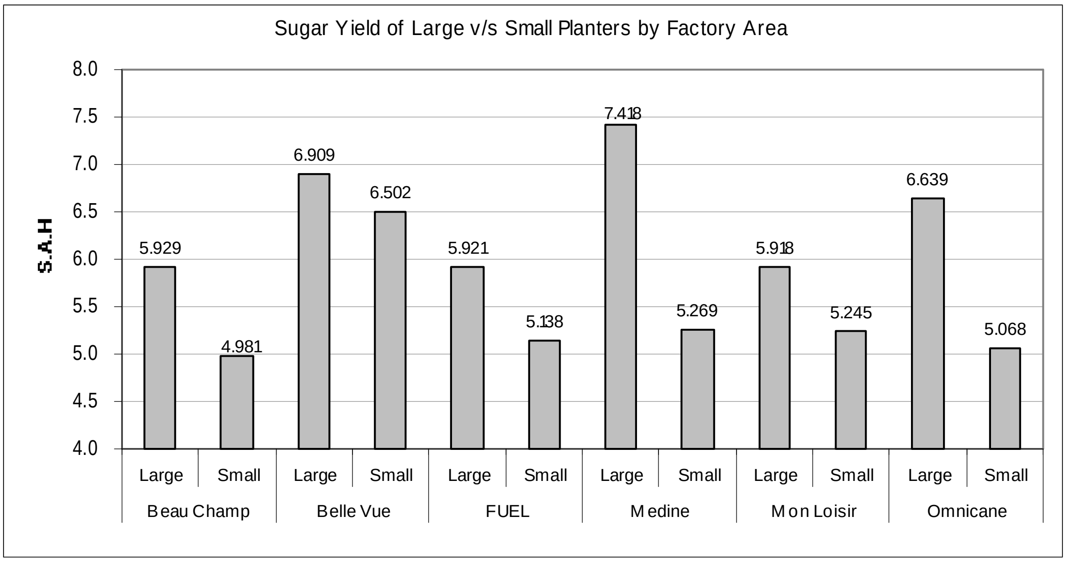
The maximum differential between large and small planters was 2T149 /H with respect to Médine factory area.

Table 5

Active Factory Area	Size	Harvest Extent (H)	Sugar Accruing (SA) @ Planter's Share (T)	Sugar Accruing per Hectare (SAH) @ Planter's Share
Beau Champ	Large	5,782	34,279	5.929
	Small	2,070	10,311	4.981
Belle Vue	Large	6,380	44,078	6.909
	Small	2,035	13,232	6.502
FUEL	Large	8,880	52,580	5.921
	Small	4,429	22,754	5.138
Medine	Large	4,095	30,375	7.418
	Small	432	2,276	5.269
Mon Loisir	Large	2,950	17,457	5.918
	Small	1,365	7,160	5.245
Omnicane	Large	13,099	86,958	6.639
	Small	4,259	21,584	5.068
Total		55,776	343,044	6.150

Chart 5 below shows Crop 2011 sugar yield by factory area for small and large planters.

Chart 5



1.8.6 Sugar Production

Sugar accruing for crop 2011 reached 439,406 tonnes island-wide against Sugar insured of 481,420 tonnes, which represented a production of 91.3% island-wide.

Table 6 and Chart 6 below show the Total Sugar Accrued (TSA) of insureds in each active factory area with their Total Insurable Sugar (TIS) and their respective sugar production percentage (defined as the ratio of TSA to TIS).

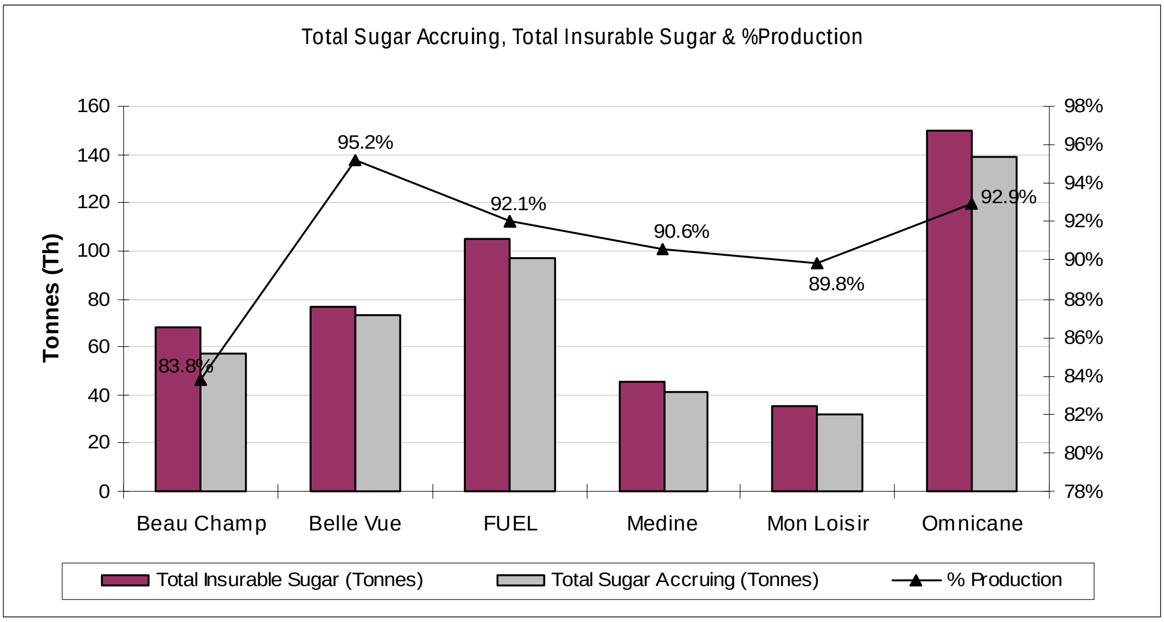
Table 6

Active Factory Area	Total Insurable Sugar (Tonnes)	Total Sugar Accruing (Tonnes)	% Production
Beau Champ	68,264	57,168	83.8
Belle Vue	77,043	73,316	95.2
FUEL	105,250	96,817	92.1
Medine	45,932	41,597	90.6
Mon Loisir	35,216	31,594	89.8
Omnicane	149,715	138,914	92.9
Total	481,420	439,406	91.3

Chart 6 depicts the TIS against the TSA of insureds for each active factory area with the respective active factory area production percentages being demonstrated as a line chart.

The highest production percentage for crop 2011 was Belle Vue active factory area (95.2%) and the lowest relative percentage production was that of Beau-Champ (83.7%).

Chart 6



1.9 Premium and Compensation

The gross General Premium Income (GPI) receivable for the year was Rs 567.7 M from all insureds.

A one-off 70% special discount was offered to all insureds on general premium resulting in the GPI claimed of Rs 170.3 M. A total amount of Rs 397.4 M was discounted in favour of all insureds for Crop 2011.

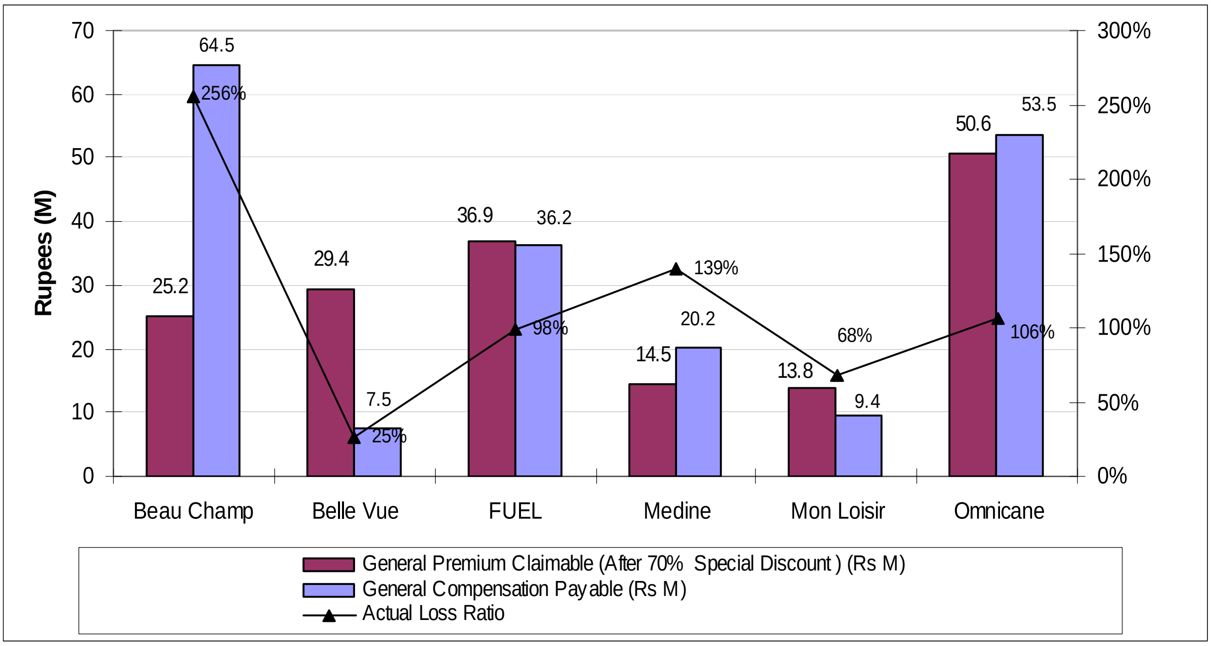
Table 7 below shows the Total General Premium claimable, the Total General Compensation payable and the loss ratio (defined as the ratio of General Compensation to General Premium) for each active factory area.

Table 7

Active Factory Area	General Premium Receivable (Rs)	General Premium Claimable (After 70% Special Discount) (Rs)	General Compensation Payable (Rs)	Actual Loss Ratio
Beau Champ	83,993,960	25,198,081	64,468,511	256%
Belle Vue	98,102,313	29,430,545	7,464,731	25%
FUEL	122,779,119	36,833,436	36,235,887	98%
Medine	48,202,541	14,460,737	20,163,020	139%
Mon Loisir	45,836,490	13,750,862	9,397,290	68%
Omnicane	168,642,696	50,592,542	53,497,186	106%
Total	567,557,119	170,266,203	191,226,625	112%

Chart 7 below illustrates the Total General Premium claimable, the Total General Compensation payable and the actual loss ratios by active factory area for Crop 2011.

Chart 7



2.0 FIRE INSURANCE

2.1 Inter-Crop Fire 2011

2.1.1 The total number of compensated intercrop fire cases came down to 132 for crop 2011 compared with 289 cases for crop 2010. A total extent of 137.615 hectares of canes was destroyed island-wide compared to 318 hectares for Crop 2010.

The number of fire cases was more prominent in the North sector of the island (65 cases) followed by the South sector (with 27 cases). The highest extent damaged by fire was noted in the South sector of the island (64.8 hectares).

2.1.2 Among the factory areas having compensable fire cases, the highest number of compensable hectares destroyed by fire was the active factory area of Omnicane (42.160 hectares).

2.1.3 The compensation paid to insureds for loss consequent upon destruction of cane plantations by inter-crop fire amounted to Rs 7.2 M for Crop 2011, compared to 17.4 M for Crop 2010.

2.2 Transport Allowance

2.2.1 The road distance rates applied by the Fund for transport allowance for crop 2011 were:

(1) Rs 8.63 per tonne of canes per kilometer in excess of 6 kilometers with respect to planters supplying up to 100 tonnes of canes during the crop.

(2) Rs 7.48 per tonne of canes per kilometer in excess of 6 kilometers with respect to planters supplying more than 100 tonnes during the crop.

2.2.2 A total amount of Rs 1.458 M was disbursed to eligible insureds as road allowance for milling of burnt canes outside the factory area for 85 cases.

Table 8 below shows the transport allowance paid and the number of cases by factory area for crop 2011.

Table 8

Active Factory Area	Transport Allowance (Rs)	Number of Cases
Belle Vue	518,309	53
Medine	48,711	1
Mon Loisir	276,138	30
Omnicane	615,066	1
Total	1,458,224	85

2.3 Fire Insurance Loss Ratio

The loss ratio under fire insurance for crop 2011 was 145%, representing an island-wide compensation of Rs 8.741 M (inclusive of transport allowance) against an island-wide premium of Rs 6.031 M.

Premium (Rs)			Compensation (Rs)			Loss Ratio
Fire Premium (Inter-Crop)	Fire Premium (Assessment)	Total Fire Premium	Gross Fire Compensation (Inter-Crop)	Transport Allowance (Crop Season)	Total Fire Compensation	
15,261	6,016,247	6,031,508	7,283,540	1,458,224	8,741,764	145%

2.4 Fire Insurance Account Status

The Fire Insurance Account showed a deficit of Rs 2.7 M for crop 2011, as reported in the financial statements ended 31st December 2011.

This has brought down the accumulated Fire Fund from Rs 4.8 M to Rs 2.1 M for the year ended 2011.

3 SUMMARY

3.1 GENERAL INSURANCE ACCOUNT

CROP YEAR	*Crop 2010*	Crop 2011
Total Number of Accounts	*20,311*	18,816
Total Harvestable Extent [H]	*57,670*	55,776
Cane weight [T]	*4,365,794*	4,230,173
Total Sugar Accrued [T]	*457,131*	439,406
Total Insurable Sugar [T]	*493,306*	481,420
Sugar Production %	*92.7%*	91.4%
Crop Reduction %	*7.3%*	8.6%
General Premium Claimable [Rs]	*151,792,765*	170,266,203
General Compensation Payable [Rs]	-	191,226,625

3.2 FIRE INSURANCE ACCOUNT

3.2.1 Inter-Crop Fire

Number of compensated Accounts: 132
Harvest Extent Burnt island-wide for compensated Cases: 137.615 hectares

3.2.2 Fire Insurance Loss Ratio: 145%

Sugar Insurance Fund Board — 11th May 2012