

# What is Index Insurance?

*Insure yourself against volatile commodity prices*



## DEFINING 'INSURANCE'

'Insurance is an arrangement by which a company undertakes to indemnify a policyholder for specified loss or damage.

## DEFINING 'INDEX'

An 'index' is a summary of individual data. It is created from a sample of the market and represents the whole group. For example, DEFRA collates dairy price data from a monthly processor survey which then determines the DEFRA milk price index.

## WHAT IS INDEX INSURANCE?

Index insurance is a type of insurance that indemnifies the policyholder based on an index-based commodity price rather than the individual loss incurred by a business or person (e.g. DEFRA Farmgate Milk Price). The index is used to calculate both the Premium you pay and the potential Claim payment.

## WHY INDEX INSURANCE:

- Pay-outs are simple to calculate – the independent index is used by both the farmers and the insurers.
- Enables a simple and quick claims process
- The costs are reduced for the insurers, so premiums can be kept to a minimum for farmers.

## STABLE'S INSURANCE

Stable is an index insurance provider. Stable's single aim is to provide farmers and food businesses with simple, affordable and low risk protection from volatile prices and costs.

We use third-party independent index prices (from DEFRA and AHDB) to calculate the risk of a price fall or cost rise, instead of assessing the risk and claim for each individual business. As a result, volatility insurance can be purchased entirely online, which can result in cheaper premiums and faster claims processing.

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