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World News Summary from AgrolInsurance

August 2018



Dear Colleagues,

AgrolInsurance International presents your monthly news summary, which highlights important issues on agricultural losses, risk events and recent trends in agricultural insurance worldwide. We wish you a great day!

USA - New crop insurance for dairy could help farmers

Wisconsin dairy farmers will soon have another option to protect against low milk prices. The American Farm Bureau Federation and their affiliated insurance company recently announced a new Dairy Revenue Protection program that will be available starting in October. Unlike existing programs for dairy farmers, the new insurance will respond directly to milk prices.

Farmers set a guaranteed revenue they want to make on a certain amount of milk. If their actual revenue falls below that level, they receive an indemnity payment from the program. The cost of the insurance is based on expected milk prices and risk in the current market. The program is similar to federal crop insurance programs available for corn, soybeans and other commodities each growing season. But because milk is produced year-round, farmers will be able to make changes every day.

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Myanmar - Livestock insurance to be launched by year-end

Myanmar will launch an insurance policy covering livestock insurance for the first time in 30 years. State-owned Myanma Insurance, the Department of Livestock Breeding and Veterinary under the Ministry of Agriculture, Livestock and Irrigation (MOALI), Singapore-based InfoCorp Technologies and Myanmar's RGK+Z&A Group are cooperating to launch the livestock insurance pilot project, which will be supported by the bank.

The insurance application process will involve registration of the livestock using InfoCorp Technologies' tamper-proof livestock identification tagging technology. This involves inserting a digital chip into each animal. The registration fee per head of cattle is estimated to be around US\$2. There is also a premium rate of about 1pc of value of the livestock. Livestock registration using this technology is the important step in the provision of livestock insurance.

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Kenya - Photo-based crop insurance could debut in 2019

Picture-based crop insurance could make its debut in Kenya next year after a study in India found that it may avoid the pitfalls of other insurance schemes. As trained smallholders photograph their crops during the growing season and dispatch the pictures for expert analysis, the approach could cut costs by reducing the number of field visits by loss assessors.

Insurance could insulate farmers in low- and middle-income countries against regular crop catastrophes and give them the security to invest and experiment. But the costs of processing large numbers of tiny farms, and the high frequency of crop failure have thwarted the success of traditional insurance. Over the last 20 years, a cheaper version known as index-based insurance, which pays out en masse when triggered by adverse weather, for instance, has often been unpopular amongst farmers.

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India - Crop insurance turns profitable for general insurers

The Pradhan Mantri Fasal Bima Yojana (PMFBY) crop insurance portfolio, that constitutes about 35 percent of the general insurance industry's business, has turned profitable in the first quarter of FY19 after bleeding for two years. Better pricing coupled with low claims have led to underwriting profits in crop insurance. Launched in 2016, PMFBY has a uniform premium of 2 percent to be paid by farmers for all Kharif crops and 1.5 percent for all Rabi crops.

When PMFBY was launched by the government two years ago, both public sector as well as private sector insurers were part of the scheme. Being the first year, insurance companies were hit by losses and added to it were cyclones like Ockhi that hit India and surrounding areas. For most insurers, the loss ratio jumped to 140-145 percent, meaning for every Rs 100 collected as premium, Rs 125 was paid out as claims by the companies.

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USA - New crop-damage assessment system will speed reporting after disasters

In the wake of Hurricane Irma, economists with the University of Florida Institute of Food and Agricultural Sciences realized that their UF/IFAS Extension colleagues needed a better system for reporting damages and losses suffered by producers – something faster, more focused, more standardized. A team with the UF/IFAS food and resource economics department has created a comprehensive online assessment form that's ready for use following a hurricane, flood, drought, wildfire or other large-scale disaster.

Access to the assessment form will be made available to appropriate UF/IFAS Extension personnel following a disaster. Selected field agents representing the U.S. Department of Agriculture are expected to participate as well. Under USDA rules, before a crop disaster can be declared in a particular county there must be documentation showing at least a 30 percent loss of one agricultural commodity.

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World's first digital claims management system for the agricultural sector

International precision agriculture provider AgriTask has introduced the world's first digital claims management system for insurance companies operating in the agricultural sector. After a comprehensive assessment of the requirements of several insurance companies, AgriTask teamed up with Mapfre, one of the largest Latin American insurance companies and the biggest in the agricultural sector.

The first application was developed jointly with Mapfre's subsidiary in Paraguay to manage inspections and claim reports directly with the use of AgriTask's platform. Mapfre Paraguay recently started conducting damage inspections involving maize and soybean policies with the AgriTask platform and its novel mobile app. The evaluation is performed digitally after the relevant data is fed into the AgriTask platform through the app, which is able to automatically calculate compensations.

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El Salvador - The crop-spraying drones that go where tractors can't

Something unusual is happening on farms in the small Central American nation of El Salvador. Many fields, mainly of sugar cane, are now being tended by drones. Large unmanned hexacopters fitted with 20-litre tanks for carrying fertiliser or pesticides follow pre-mapped routes and spray crops accordingly. This isn't a case of new tech replacing old farm equipment – some of these fields are being sprayed for the very first time.

In a country where access to fields is often difficult for tractors and even planes, drones are showing great potential. At the moment, most of the work with farmers in El Salvador is trial-based, but Hylío (the firm behind the trial) is covering a lot of ground. Drones are touted as useful flying farmhands because they

can, in theory, improve the precision with which fertilisers, pesticides or fungicides are applied. This is due to their ability to spray specific volumes on GPS-defined routes through a field.

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Sweden - UAV / drones to fight forest fires

In modern time, Sweden is not known for large forest fires. Though it has some experiences of large forest fires for example 2006 (1'900 ha), 2014 (14'000 ha) and present year 2018 (~25'000 ha). The modern forest fire surveillance started the year after 1888 when several large forest fires burned totally around 200'000 hectares.

The first fire surveillance tower was built on the high mountain Pilkalampinoppi. The tower was manned every summer to 1950, when aerial surveillance started. The effort to survey and stop forest fires was due to the increased value of forests as a timber resource. The national system ("Riksnätet") of surveillance towers was at its most almost 300 towers, but phased out around 1960 due to the use of aerial surveillance.

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India - Over 6.25 lakh farmers still await crop insurance

Even registration under the flagship Pradhan Mantri Fasal Bima Yojana for 2018-19 kharif season is over, a large number of farmers who suffered crop losses in 2017-18 are yet to receive insurance compensation. Over 6.25 lakh farmers out of 18.99 lakh covered under the insurance scheme are still waiting for their crop loss claims to the tune of Rs 215 crore. This despite the fact that the scheme mandated settlement of claims after two months of crop cutting (around November) or latest by the end of the financial year.

While the State Government blamed insurance companies for delay, the claims of farmers have not been settled due to mismatch between crop cutting report and actual yield. In most cases, the claims raised were far exceeding the premium paid. Besides, there is a great degree of variance in crop cutting reports of Agriculture Department and the Revenue Department.

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USA - When crop conditions and insurance options collide

When USDA released its yield estimates and crop production numbers many farmers exhaled a collective sigh of disgust. While certain states' crops flourish, drought, greensnap and disease in other states indicate only combines will tell the true yield story of 2018. In west central Wisconsin, corn and soybean farmers had a fantastic start. That great start could be slipping away, however, as rains become few and far between.

Farther south and west, southwest farmers might have just received much-needed rain, but that doesn't

mean all is perfect. Their corn, soybeans and cattle are thirsty for more rain. In eastern Nebraska irrigation might have helped save crops from excessive drought and heat stress, but that doesn't mean Mother Nature has given farmers a free pass. Row crop farmers said strong winds damaged their crops.

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