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World News Summary from AgrolInsurance

January 2021



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!

2021 AgrolInsurance Conference: New Conference Dates – October 4-6, 2021

The global trend of new confirmed COVID-19 cases has not changed significantly for the last 6 months, continuously increasing the number of daily cases worldwide. Most countries still experience local outbreaks with limitations and local lockdowns imposed. The Republic of Georgia, the next Conference's location, continues with the limited regular flights operations with selected air carriers, maintaining the major air connection with Europe and Asia.

Local quarantine requirements and limitation on conduction of physical workshops and conferences is imposed at least until February 1st, 2021, with an expected extension of such for at least one more month. Considering the situation, AgrolInsurance International takes the responsibility for the safety and health of our partners and conference participants. Thus, AgrolInsurance team took the leadership and re-negotiated the Conference dates for October 4-6, 2021.

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New options for managing drought risk – drought insurance survey

AgrolInsurance and VanderSat partnered up to conduct a global drought insurance survey to develop a better understanding of the current situation and the upcoming trends in the drought insurance market. We collected around 89 fully completed surveys from all over the world. Brokers, insurers and reinsurers took part in our survey, but also governmental organisations, consulting companies and data providers.

The survey suggests that drought is typically not insured as a stand alone product, but is often part of a multi-peril cover or is covered by a yield area index insurance. Further, a wide palette of parametric products are used for insuring drought. Index based on meteo station data are currently the most common indexes, however the interest is particularly high for parametric products working with soil moisture data. The report can be freely downloaded.

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Canada - Ag Minister announces 20% off crop insurance for Alberta farmers

Alberta farmers will receive a 20 per cent reduction in crop insurance premiums this year. This reduction from Alberta's government and Agriculture Financial Services Corporation (AFSC) will save farmers more than \$55 million on their crop insurance premiums in 2021 and increase the competitiveness of Alberta farmers internationally.

A farm with 2,000 insured acres will save about \$8,000. This significant reduction in crop insurance premiums will help counter the looming 500% increase in federal carbon tax. Crop insurance is one of the most successful business risk management programs for Alberta farmers with roughly 72 per cent enrolling in the program every year.

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USA - Navigating the world of crop insurance

The widespread wildfire season of 2020 had winegrape growers and vintners up and down the West Coast scrambling to run micro-fermentations and test grapes for guaiacol and 4-methylguaiacol. Contracts, many of which contained no specific provisions for smoke exposure, were called into question. With so many grapes unable to be sold, or never even harvested, a lot of business was lost. To recoup that loss, those who had signed up for the federally subsidized Crop Insurance program filed claims.

California growers, for the most part, were in a better position leading into August's lightning storm-fueled fires, as well as the Glass Fire in northern Napa Valley—seventy-seven percent of California winegrape growers had coverage. In the Pacific Northwest, which was also affected by severe smoke exposure, 76 percent of Washington state grapegrowers were insured. Oregon grapegrowers, on the other hand, weren't.

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Kenya - Insurtech startup raises \$6M Series A to derisk smallholder farmers

Agriculture insurance has traditionally relied on farm business. In the U.S. or Europe with typically large farms, an average insurance premium is \$1,000. But in Africa, where smallholding or small-scale farms are the norms, the number stands at an average of \$4. It is particularly telling that the value of agricultural insurance premiums in Africa represents less than 1 percent of the world's total when the continent has 17 percent of the world's arable land.

This disparity stems from the fact that the traditional method of calculating insurance through farm visits is often unaffordable for these smallholder farmers. Thus, they are often neglected from financial protection against climate risks like flood, drought, pestilence and hail. Pula, a Kenyan insurtech startup that specialises in digital and agricultural insurance, is solving this problem by using technology and data.

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Africa - Modeling and sensors can help farmers and insurers manage risk

When drought caused devastating crop losses in Malawi in 2015-2016, farmers in the southeastern African nation did not initially fear for the worst: the government had purchased insurance for such a calamity. But millions of farmers remained unpaid for months because the insurer's model failed to detect the extent of the losses, and a subsequent model audit moved slowly. Quicker payments would have greatly reduced the shockwaves that rippled across the landlocked country.

While the insurers fixed the issues resulting in that error, the incident remains a cautionary tale about the potential failures of agricultural index insurance, which seeks to help protect the livelihoods of millions of smallholder farmers across the globe. Recent advances in crop modeling and remote sensing is one tool insurers that can help improve the quality of index insurance for farmers.

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Taiwan - NT\$118 million losses due to cold spell

A recent cold spell that gripped Taiwan has caused nationwide agricultural losses estimated at NT\$118.14 million (US\$4.2 million), the Council of Agriculture (COA) said. The most heavily damaged crop was wax apples, which accounted for over NT\$70 million of the total agricultural losses. In total, some 657 hectares of crops were damaged, according to the COA.

It said that in other sectors, aquaculture farms that produce milkfish sustained total losses of NT\$21.79 million, while livestock losses amounted to about NT\$25,000. In terms of regions, the southern county of Pingtung took the hardest hit, suffering agricultural damage of NT\$66 million, which was 56 percent of the national total, the COA said.

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