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World News Summary from AgrolInsurance

September 2019



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 - Colorado hemp farmers will finally get crop insurance

Hemp had been barred from eligibility for protection through the Federal Crop Insurance Corporation because of its similarities to marijuana. With the passage of 2018's Farm Bill, however, hemp officially became a legal crop for farmers – if their respective states choose to legalize hemp farming. Colorado has been allowing farmers to grow the crop without insurance for five years.

Only farmers registered under that 2014 pilot program will now be eligible for insurance approved by the United States Department of Agriculture's Whole-Farm Revenue Protection program, according to USDA announcement. The insurance, which will be available in 2020, will cover hemp fiber, flower and seeds up to \$8.5 million.

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Canada - Storms leave close to 1,000 hail claims on Prairies

There were almost 1,000 claims for hail damage across the Prairies following a series of storms Sept. 15-20, according to the Canadian Crop Hail Association (CCHA). The CCHA said the most destructive of the storms during that week came on Sept. 17. There was heavy rain in some areas of the storm path with the highest reported rainfall accumulation of around five inches.

In the core of the storm path, crops were completely destroyed. There was lots of heavy damage to crops that were ready to harvest. Prairie farmers were urged to contact their insurance adjusters to determine check strips in their fields prior to harvest. Generally, each field will have five check strips, usually 20 by 30 feet, with one from the middle and the four corners.

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Spain - Insurance claims could reach 190 million euros after flooding

The damages that the flooding in Murcia and other parts of southern Spain has caused have not been fully evaluated yet. The first estimates issued by the Consortium of Insurance Compensation (CCS) are that 30,000 claimants will be entitled to pay-outs of totalling to about 190 million euros. The largest claims are like to be made by farmers in the south of the province of Alicante and Murcia.

It's estimated that around 46,000 hectares of land was flooded, leaving crops rotting on the trees or in the ground. The largest amount of crops affected by the floods are oranges and lemons, but artichokes, broccoli and table grapes have also been affected. Although no official assessment of the damages has been done as of yet, farmers' unions are speaking of reaching 200 million euros in damages.

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India - AIC enters coinsurance deal with public insurance firms for PMFBY

Agriculture Insurance Company (AIC) has entered a co-insurance agreement with three other public sector general insurance firms—New India Assurance, National Insurance and United India Insurance for Prime Minister Fasal Bima Yojna (PMFBY). Under the scheme, while AIC will use offices, manpower and rural reach of the three companies, it will offer 12.5 per cent of the premium collected to each of the three companies.

At present, AIC accounts for nearly 50 per cent of the premium collected under PMFBY. Last year, its total premium collection was about Rs 7000 crore, and this year it expects to reach Rs 14000 crore. The PMFBY is based on actuarial calculations, and rates are based on risk perception. Thus, premiums differ, based on crops and regions.

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India - Govt may create 'de-risk pool' for crop-cover claims settlement

The government is looking to create a pool for claim settlement under its crop insurance scheme Pradhan Mantri Fasal Bima Yojana in order to diversify the risks for insurers – and to lower the cost of re-insurance. The measure is also intended to address the erroneous perception that insurers are profiting unduly from the crop insurance scheme.

Insurers re-insure their crop portfolio mostly with foreign companies; nearly 50 per cent of the crop re-insurance goes to global players. Typically, insurance players retain 25 per cent of the risk and premium, and hive off the rest to re-insurance companies. The creation of a pool for claim settlement will likely redress a situation where a substantial portion of the surplus goes to re-insurers.

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Colombia - Weather index insurance for small coffee growers expanded

Blue Marble Microinsurance, an insurance startup, commercially viable insurance protection to the underserved, is renewing its weather index insurance program for smallholder coffee farmers in Colombia and expanding the coverage significantly. The CaféSeguro program provides specialty insurance coverage for severe rainfall and drought during the coffee harvest's developmental stages when it is most vulnerable to weather shocks.

Blue Marble launched this program in August 2018 in partnership with Nespresso, a vendor of pre-portioned, single-serve coffee. Through this program, Blue Marble serves about 3,275 smallholder farmers, representing a 46 per cent increase since last year. Thanks to new government subsidies for crop insurance, smallholder farmers have seen their insurance coverage triple and their costs decrease substantially.

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Cameroon - First parametric insurance program launched

The first parametric agricultural insurance program has been launched in Cameroon, by AXA Cameroon and AXA Climate in collaboration with the World Bank Group's Global Index Insurance Facility. Also working with local insurer ACTIVA Assurance, the collaboration has resulted in the launch of a project to insure tens of thousands of Cameroonian farmers on a parametric trigger basis against exposure to climate related risks.

A two-year pilot program was formally launched by the Cameroon Ministry of Agriculture and Rural Development on 2nd August. For the current year 2019, the programme will provide parametric insurance protection for the revenues of nearly 8,000 cotton growers in Northern Cameroon, covering them against low crop yield due to drought.

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Bangladesh - Cattle insurance with digital tracking

A new cattle insurance scheme based on a digital health tracking system was rolled out jointly by Phoenix Insurance and ShurjoMukhi Ltd. The product, Shurjomukhi Pranisheba, will ensure prevent inbreeding, early detection of health disorders, monitoring of calves and continuous measurement of temperature, officials said.

A biosensor or bolus is placed inside the stomach of an animal for at least five years, which the officials said does not create any adverse reaction. To avail the product, a farmer will have to pay Tk 500 monthly for every cattle and the premium of insurance ranges from 2.75 percent to 5.5 percent on the sum of the insured value of cattle. The insurance risk coverage is for death, theft, and permanent, total disability.

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Kenya - Agriculture insurance low, most farmers unaware of new policy

Agriculture insurance in the country remains low, despite the sector accounting for a third of Kenya's annual economic output, according to the Association of Kenya Insurers (AKI). AKI attributed this to lack of commitment by the government and low development of digital products. During the period ending December 2018, the gross written premium under agriculture insurance reduced to Sh716.2 million in 2018 from Sh822.7 million in 2017, a 12.95 per cent decline.

Crop insurance contributed 38 per cent of these premiums whereas livestock insurance contributed 62 per cent. The total claims for agriculture insurance were Sh694.9 million in 2018, a 15.25 per cent decline from Sh819.99 in 2017, a reduction attributed to better weather conditions experienced in 2018. Overall, technical loss ratio for agriculture was 97 per cent, crop insurance had 121 per cent while livestock insurance had 83 per cent loss ratio.

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Nepal - Yak farmers suffer as their livestock remain uninsured

The farmers of Ruby Valley Rural Municipality are reliant on yak farming for several generations. However, in a lack of livestock insurance, they are prone to suffer heavy losses from time to time. A total of 23 yaks died due to snowfall at Tipling and Somdang in February. Dozens of yaks remained hungry and farmers underwent hardships to transport food for their herds as the snowfall had covered the grasses they could feed on.

Yak farmers find it hard to save themselves and their herds when the ways are covered with snowfall. Yaks that go for grazing are covered in snow and later their bodies are discovered after their death. A single yak can cost from Rs 50,000 to Rs 100,000 but there is no provision of insurance for their security. The livestock are not insured even if the farmers want it.

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