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## World News Summary from AgrolInsurance

June 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!

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### France - Spring frost drives insurance demand among winemakers

Lloyd's coverholder Meteo Protect has reported a dramatic increase in demand for parametric weather insurance among France's winemakers following unusually cold temperatures and frost across Western Europe during 2017's critical spring growing period. At the May 31st conclusion to Meteo Protect's spring frost coverage, now in its second year offering, the firm recorded a 15-fold increase in viticulturists subscribing, and a similar increase in the number of brokers adding the coverage to their portfolio.

Almost every French vineyard was affected by the poor weather conditions in 2017, with the country's overall output dropping 17% below the five-year average, while output in Bordeaux, the country's largest prime wine-growing region, fell 40%. Only 15% of French vineyards are insured, despite the fact that wine is one of France's biggest exports, and is highly weather sensitive, with around 10% of wine production lost to natural hazards every year.

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## Canada - Blueberry farmers lack insurance as frost causes almost total damage

A late frost has ruined much of the crop for blueberry producers in Nova Scotia – and to make matters worse, many of them lack insurance to cover the losses. Wild Blueberry Producers Association of Nova Scotia explained that the recent drop in temperatures unexpectedly came after days of warm weather, which encouraged blueberry blossoms to open up. Some large-producing, long-established fields showed almost total damage to the blossoms.

About a third of the farmers in the province participate in the federal-provincial crop insurance program, the rest are unable to due to the high costs. Moreover, the payouts for the insurance program are based on revenues from the previous year, which means that those claiming for the recent damages may not get a lot due to low revenue.

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## USA - RMA enables producers to transfer cancelled hail insurance policies

The USDA's Risk Management Agency will allow farmers who purchased a supplemental hail policy from Crop Pro Insurance to switch their federally subsidized multi-peril crop insurance back to their previous provider after the firm abruptly cancelled hundreds of policies. Auburn Insurance President Ruth Gerdes said it was the first time she had ever seen RMA issue such a bulletin in her crop insurance industry career, which started in 1984. Her firm now serves farmers in Nebraska and seven other states.

The decision came after Crop Pro, based in Johnston, Iowa, notified many producers in Nebraska, Colorado and other midwestern states in May that they were unable to obtain reinsurance for some of their Crop Hail Named Peril (CHNP) policies sold for 2018. RMA noted that the CHNP cancellation caused a "disruption in the market place" and many producers and agents complained about how the cancellation impacted producers' coverage.

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## India - After 3-month delay, 80% of crop insurance claims cleared

After payments under the prime minister crop insurance scheme were delayed by over three months, the state government has cleared as much as 80% of the claims. Another 11.03 lakh farmers are awaiting insurance claims. The insurance scheme was launched under the BJP regime two years ago and this is the biggest ever claim payout so far. Of the 82 lakh farmers having gone for the insurance, 45 lakh are eligible for a compensation of over Rs 2,300 crore.

There has been a high number of claims because of a major loss due to pink bollworm attack on the cotton crop and sucking pest on paddy. The latter is mainly grown in east Vidarbha. Of the Rs 2,300 crore dues, over Rs 1,800 crore have been cleared so far. This relates to nearly 34 lakh accounts of farmers. With another 11.03 lakh accounts remaining, the state agriculture department is hoping to clear the dues in a

week.

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## Ghana - Farmers receive insurance payment for 2017 losses

Six hundred farmers at Agogo in the Ashanti Region and parts of northern Ghana, who suffered natural disasters in the 2017 farming season, have received an insurance of GH¢640,052.69 from the Ghana Agricultural Insurance Pool (GAIP). The GAIP, a private insurance company, presented a cheque for the amount being insurance claims, to a Kumasi-based private company, Premium Foods Ltd, on behalf of the farmers.

While beneficiary farmers in northern Ghana received GH¢441,412.69, those at the Scan Farms at Agogo in the Ashanti Region, received GH¢198,640. The beneficiary farmers who lost their crops either to fall army worms, drought, fire or windstorms last year, were covered by the agricultural insurance policy, which provides protection for agricultural loans in the event of any natural disaster or losses occasioned by natural causes.

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## Australia - Anakie farmer denied insurance claim for livestock theft

Anakie sheep and grain farmer was “shocked” when he discovered his insurance policy did not cover livestock theft. Thieves cut the chain on a padlocked gate of his farm and took 148 lambs that were ready to be sold. The lambs were estimated to be worth \$150 each, or \$22,200. The theft was reported to police. When the farmer submitted a claim with his insurer, CGU, he was “shocked” to find out livestock were not covered under his farm policy for theft.

He is now calling on insurers to make it clearer to farmers that many policies exclude livestock theft. He wants the Government to put more resources into stock theft policing, and to introduce harder penalties for offenders. The Government should also change from the current EID sheep tags to microchips inserted under the skin of stock, to deter thieves, he said. Current EID tags were “useless” as they could be easily cut off and replaced.

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## USA - Website offers crop insurance information

With the U.S. Senate taking up the 2018 farm bill, a crop insurance trade group has launched a website that seeks to provide senators and others with state-specific information on crop insurance. The interactive map at Crop Insurance In My State offers information such as the number of crop insurance policies, acres insured, value of insurance protection, how much farmers paid for coverage, how much insurers paid to cover losses and hail protection coverage.

The site also includes 50 downloadable and printable fact sheets, as well as farmer testimonial videos and

articles from several states. The new site augments an existing website, Crop Insurance In America, which takes a national look at crop insurance and the 311 million acres it protects. The site shows, on a state-by-state basis, the success of crop insurance and why it's agriculture's most important risk management tool.

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## India - Crop insurance scheme benefitting firms

Alleging that insurance companies are looting both farmers and government, Rashtriya Kisan Samanvay Samiti (RKSS), an organization of farmers, demanded from the centre to withdraw the Pradhan Mantri Fasal Bima Yojana (PMFBY). The centre should remove the insurance companies and pay the crop damages to farmers like it was doing earlier, but after removing corruption in the agriculture department, said the organization.

As per the interim report of PMFBY Kharif 2017, total 3.27 crore farmers across India paid premium of Rs 3,027 crore, while the centre's subsidy was Rs 8,152 crore and state governments' subsidy was Rs 8,202 crore totalling to Rs 19,381 crore was paid to insurance companies. These insurance companies had approved claims of Rs 8,724 crore to the farmers, but till June 18, 2018, only Rs 4,276 crore has been paid.

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## Uganda - Effects of Ag insurance on supply of agro-based raw materials

The National Development Plan (NDP) acknowledges the potential of agro-processing-adding value to agricultural products to create better paying off-farm jobs, improve food security, increase incomes, poverty alleviation and also attain the long term vision to become a middle income country. For successful implementation of this agenda, agricultural production becomes critical to ensure consistent supply of agro-based raw materials required by agro-processing industries.

However, agricultural production faces a myriad of risks that are a threat to achieving the targets and eventual supply of raw materials. Notable among these are climate related risks due to drought and rainfall. These are beyond the farmers' control as they entirely depend on natural weather to carry out agriculture (less than 1% of farmers practice irrigation). These risks severely affect farmers through lowering production and diminishing farm income.

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## China - The biggest smart greenhouse has been built in Daqing (photos)

The Daqing Hongfu modern technology industry project covers an area of more than 10000 mu, with a total investment of 15 billion RMB. The aim of the project is to build up a large-scale integrated park which features modern technological agricultural industries and combines other leisure, cultural, scientific, business and healthcare industries. The first stage of the modern smart greenhouse, which covers an area of 125 thousand square meters, has attracted an investment of 50 million RMB.

All the testing of equipment has been completed and now it has started operation and become the biggest smart greenhouse in China. On May 11th, 30,000 tomato seedlings were planted and are now growing quickly. It's expected that in mid-end July that the pure and standardized tomatoes will be sold to various counties in China, Hong Kong and Russia.

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