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World News Summary from Agrolnsurance

November 2017



Dear Colleagues,

Agrolnsurance 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!

Kenya - Successful Livestock Insurance Program scheme scales up

Approximately 75 percent of livestock deaths in the Horn of Africa are caused by severe drought, repeatedly leaving herders, their families and entire communities destitute. In October of 2015, the first government livestock insurance scheme in Africa – the Kenya Livestock Insurance Program (KLIP) – was successfully piloted in two counties in the North of Kenya. The scheme will now be scaled up to benefit herders across the country.

The programme applies satellite-based index insurance to protect pastoralists in remote areas. Satellites assess the state of the grazing conditions in a certain region by measuring the colour of the ground. Green is good while yellow is very dry. Once a certain threshold is reached the insured automatically receive a lump sum payment, allowing them to provide their livestock – which includes cows, goats and camels – with feed and water, to survive.

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USA - New alternative to crop insurance

For many years, farmers across the country have purchased crop insurance policies as a way to manage the risk of a yield or income loss. Crop insurance has stepped into the spotlight as the highest costing federal farm program, at about \$8 billion per year. Despite the size of the program, crop insurance has not been available for many types of crops. And, often, for certain crops such as fruits, vegetables, or small grains, coverage is available only on a regional basis.

A new product designed to address these concerns and expand coverage for farmers and ranchers is Whole Farm Revenue Protection (WFRP). Created by the 2014 farm bill, WFRP insures revenue of the entire operation rather than specific crops, and policies are based on revenue history. This insurance option provides farmers and ranchers with coverage for a wide variety of farm products – ranging from corn and soybeans to fruits, vegetables, and livestock.

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Rwanda - Farmers welcome new agricultural insurance scheme

Farmers have welcomed the new insurance scheme launched by the Ministry of Agriculture and Animal Resources. Farmers said the new scheme will help improve the sector and make it more competitive. The national agriculture insurance scheme will enable farmers to benefit from a subsidised agro-insurance cover, according to Dr Theogene Rutagwenda, the director general for livestock and animal resources at the ministry.

The official said the project, currently in the pilot phase, will be implemented in partnership with insurance companies, enabling farmers to acquire policies to safeguard their agriculture activities against various risks like natural disasters and diseases. The first phase of the scheme was launched in November and will focus on the livestock sub-sector before being rolled out to major cash and food crops. It is supported by Access to Finance Rwanda as technical advisors.

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Armenia - About \$5M to be invested in agriculture insurance in three years

About \$5 million to be invested in agricultural insurance in the next three years, agriculture minister Ignaty Arakelyan said during a parliamentary discussion of the 2018 draft budget. He said 885 million drams will be invested in a pilot agricultural insurance project to be launched next year, saying also that the ministry is confident that the results of the pilot program will allow it to understand exactly how to introduce this system across Armenia.

The minister noted the importance of this project, saying that every year farmers sustain large damages because of natural disasters. Along with the insurance system, Arakelyan drew attention to the introduction of anti-hail systems. According to him, calculations show that the cost of installing anti-hail systems is lower than the cost of the lost crop.

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Turkey - Farm insurance pool's coverage stands at 20% today

Coverage by TARSIM, Turkey's agricultural insurance pool, has increased to 20% today from 0.5% previous to the establishment of the pool in 2005, on the back of strong state support. TARSIM General Manager Yusuf Cemil Satoglu said that the total asset value insured by the pool stands at TRY26 billion (US\$6.7 billion) while the total area insured is 2 million decares (0.2 million hectares). TARSIM provides cover for 1.5 million policies a present.

Founded as a non-profit organisation with the purpose of setting up a comprehensive, sustainable agricultural insurance system, TARSIM quickly grew, with the government behind the goal of growing the pool in a stable and healthy way. TARSIM's total premiums are forecast to reach TRY1.6 billion while the amount of compensation to be paid to farmers would amount to TRY850 million this year.

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Nigeria - AfDB to support country to access crop insurance

The African Development Bank (AfDB) has announced plans to support Nigeria to access Crop Insurance, to mitigate the impact of climate change in the country. The Boards of Directors of AfDB had, on Nov. 8, approved the Africa Thriving and Resilient: The Bank Group's Second Climate Change Action Plan, 2016-2020 (CCAP2). The approval of this document is propitious as it echoes at just concluded Climate Change Conference (COP23) in Bonn, Germany.

The President of the AfDB, Dr Akinwumi Adesina said when it comes to Climate Financing, what the bank will do is to support Nigeria, especially with the access to crop insurance. He added that it is very important that the global mechanism for climate financing could provide insurance for African countries that are suffering from negative impact of climate change.

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USA - Nebraska farmers got more than \$1B in subsidies in 2016

Nebraskans got more than \$1 billion in farm subsidies in 2016. The Environmental Working Group released the latest update to its farm subsidy database. It shows that Nebraska ranked fifth among all states with more than \$1.07 billion last year in subsidies from the U.S. Department of Agriculture. About \$700 million of that was in the form of crop subsidies and nearly \$300 million was from crop insurance payments.

Overall USDA subsidies paid out to the states topped \$17.2 billion in 2016, up from just less than \$15 billion in 2015. The non-profit organization said in a news release that many large farm owners are "double-dipping" – essentially getting paid twice for the same loss from more than one subsidy program. Most of the subsidy payments in Nebraska flow to counties in the eastern and central parts of the state. Farmers in Hamilton County received nearly \$22 million in 2016, tops among all counties.

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Iran - Threefold rise in Mazandaran citrus insurance

Around 12,300 hectares of citrus fruit orchards in Mazandaran have been insured in the current Iranian year (started March 21), registering a threefold increase compared with last year when early frost caused extensive damage to citrus trees in the northern province. Last year's frost destroyed over 50% of the citrus fruits before harvest, and farmers incurred losses amounting to 6 trillion rials (\$148.15 million).

Last year about 80,000 hectares of farms were affected by the frost, and only 6,000 to 7,000 hectares or around 8% of these farms were insured. More than 110,000 hectares of land go under the cultivation of citrus fruit in Mazandaran, which meet nearly 50% of domestic demand. The government pays 78% of the farmers' insurance premium as subsidy.

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Ghana - Gov't to establish ₵400m Agric Finance, Crop Insurance Scheme

Government is to establish a ₵400 million fund toward agriculture financing and crop insurance schemes. The Nana Akufo-Addo government also intends to support the development of agri-business start-ups through grants and provide specific technical assistance and tax incentives to support agro-processing, packaging, and market access to provide a boost to Ghana's agriculture sector.

As well, government intends to abolish duties on some agricultural produce processing equipment and machinery, launch a pension fund for cocoa farmers, develop modern storage facilities through the "One-District, One Warehouse" programme and open up key food basket zones through road construction and irrigation projects. In a bid to reverse the decline in agriculture, government is developing a major intervention known as the Akufo-Addo Agricultural Plan for the modernization of agriculture in Ghana.

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Sri Lanka - Crop insurance to be provided for disasters with tax-payer subsidy

Sri Lanka will start a crop insurance scheme for farmers with part of the premium being paid by tax-payers, amounting to 3.0 billion rupees. "Farmers are constantly at the mercy of the weather and successive Governments have been doling out funds to the farmers whenever there has been a drought or floods in an indiscriminate manner," Finance Minister Mangala Samaraweera said.

It is in this context that the weather indexed insurance scheme has been designed. The insurance cover will be a minimum of Rs. 40,000 per acre for 6 crops including paddy and other 5 emerging crops such as Maize, Soya, Big Onion, Potato, and Chilli.

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