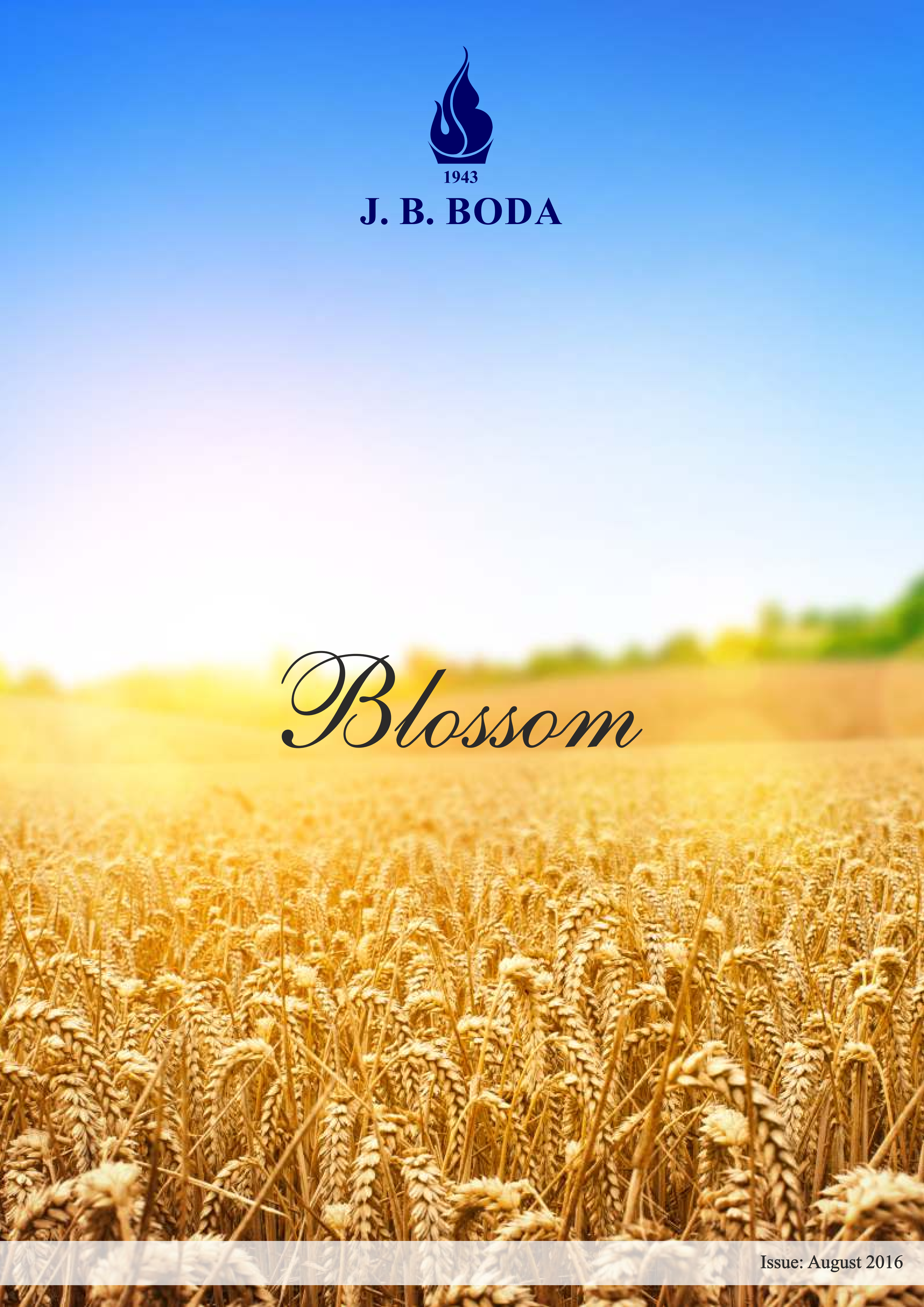

1943

J. B. BODA

Blossom

Issue: August 2016

India-IRDAI allows PoS and CSC to sell Government Insurance Schemes

The Indian Insurance regulator IRDAI(Insurance Regulatory and Development Authority of India) allowed Points of Sale (PoS) and Common Services Centre (CSC) to sell government insurance schemes like Pradhan Mantri Fasal Bima Yojana (PMFBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY).

As regards crop insurance, by allowing PoS to sell the product without sum insured limit, PoS can sell government sponsored crop insurance schemes offered by an insurer which covers the crop of the policyholder, over the area of the insured field.

However, IRDAI stated that the sum insured or premium rate per crop/unit area/tree, as the case may be, remains what is notified under the respective government sponsored remains what is notified under the respective government sponsored insurance schemes without any change. The same was allowed for CSC-SPV through a separate notification. It will help widen distribution network for such schemes. While PMSBY is linked to the bank account and currently only banks sell the product by debiting directly the account of the insured, there may be other government sponsored insurance schemes which are allowed to be marketed through agents or insurance intermediaries. In such cases the CSC-SPV can solicit and market the schemes for which they will be entitled to commission or remuneration as per norms.

Source - http://www.business-standard.com

India-Indian drones to aid crop cover scheme

The central government is working on a project to develop indigenous drones to settle insurance claims under the newly launched crop insurance scheme — Pradhan Mantri Fasal Bima Yojana (PMFBY) — and other such products.

The drones are expected to enable insurance firms to assess damage accurately and vet claims so that settlement can be expedited. Under PMFBY, insurers have to settle claims within 45 days of the application made.

The drones, being developed by the Indian Council of Agricultural Research(ICAR), are part of a comprehensive project to develop a drone-based crop and soil monitoring system using hyperspectral remote sensing sensors called Sensagri.

The project is funded by the Department of Electronics and Information Technology, Information Technology Research Academy, and Indian Council for Scientific Research(ICAR).

If successful, this technology could be integrated with satellite-based technologies for large-scale applications, which would further smoothen the crop damage assessment.

Drone technology-based unmanned aerial vehicles have the ability to scout over farms, gather precise information and transmit the data on a real-time basis.

The Directorate General of Civil Aviation(DGCA) had released a draft paper with guidelines for permission to fly civil unmanned aircraft. It had highlighted the increasing civil use of unmanned aircraft for damage assessment of property and life due to natural calamity, and infrastructure monitoring.

Source - http://www.business-standard.com

Zambia - Land Bank division unveils South Africa's first black crop insurance brokers

The Land Bank Insurance Company (LBIC), a division of the Land Bank, which provides financial services to the commercial farming and agribusiness sector, has unveiled the first batch of fully accredited black crop insurance brokers in the country.

A programme with the intention of training ten black brokers to sell LBIC's products was launched earlier this year. However, when the programme got under way, to meet demand, LBIC accommodated 17 brokers. These brokers were identified from the Financial Services Board's database and were invited to apply.

"Our aim in developing this bespoke three-month training programme was to introduce black brokers to crop insurance and, in doing so, provide them with a solid grounding in the fundamentals of agriculture, insurance and how these solutions can be structured to benefit emerging black farmers," said LBIC sales and distribution executive manager Dini Nondumo.

The brokers' training was divided into three sessions, with the first session focusing largely on crop insurance and commercial agri short-term asset insurance solutions. During the subsequent sessions, which were more rigorous and technical, the training focused solely on crop insurance

The final session saw practical applications and tests on the concepts covered during the preceding sessions. After the difficult and demanding sessions, successful brokers were officially accredited to market and sell crop insurance on behalf of LBIC through agriseker, LBIC's underwriting managers.

South Africa has over 450,000 emerging and small-scale farmers and close to 40,000 large commercial farmers. While the latter has traditionally enjoyed access to advanced financial solutions and insurance, emerging farmers find themselves in a bind when faced with adversities and often tend to borrow more, or leave agriculture permanently.

This is largely because many small farmers do not have access to or adequate knowledge of risk management products that can carry them through unforeseen events like the current drought. Though the yoke of food security is largely carried by large commercial farmers, the International Fund for Agricultural Development (IFAD) says smallholders manage over 80% of the world's estimated 500-million small farms, providing over 80% of the food consumed in a large part of the developing world and contributing significantly to poverty reduction and food security. Still dependent on rain cycles, South Africa's small-scale farmers are the most financially vulnerable to the vagaries of weather. The prolonged drought conditions the country is witnessing, the worst in over a century, have only seen small farmers reap more debt.

"We strongly believe there is room to develop black brokers who can reach out to the small farmers in smaller parts of the country, where established brokers might see little or no market," said Nondumo, adding that the LBIC recognised the need among customers, which is in line with the company's mandate to support the development of the agriculture sector. He noted that losses in this sector were primarily a result of adverse weather conditions and that the degree of severity of such events had only increased following erratic weather patterns. These patterns not only exposed farmers to crippling financial losses but also degraded the quality of their soil.

There had been a steady increase in global agricultural insurance premiums over the past 25 years, with figures increasing tenfold to almost $30-billion. While much of this growth comes from developed countries and the country's Brics partners like Brazil, India and China, South Africa's total crop insurance market's yearly premium value is only around R1.7-billion.

Source - http://www.engineeringnews.co.za


China-Swiss Re offers first parametric farm insurance solution

Swiss Re has entered into a reinsurance protection scheme with the government of Heilongjiang Province and the Sunlight Agriculture Mutual Insurance Company of China.

This is the first time that the Chinese government employs commercial insurance programmes to protect farmers against financial risks from natural catastrophes. It's also the first anti-poverty insurance deal in China and the first tailored solution combining a weather index product with a satellite-based flood parametric product. As the technical adviser and the sole reinsurer, Swiss Re design the scheme with advanced modelling technology.

The scheme covers 28 poverty-stricken counties in Heilongjiang Province in Northeast China. It provides financial compensation for harm to lives and property of farming families and covers loss of income after floods, excessive rain, drought and low temperatures. The total coverage for the 28 pilot counties is up to RMB 2.32 billion (or USD 348 million).

Heilongjiang is highly exposed to natural disasters. The possibility of substantial and unexpected payouts for disaster relief and post-disaster reconstruction represents a significant financial risk for the provincial and prefectural governments. For the people living in the region, the insurance solutions will reduce the risk of poverty following such events.

This solution, which is the first of its kind, determines insurance playouts based on triggers from satellite and meteorological data. Compared with traditional insurance, this programme enables a greater efficiency in payments and therefore strengthens the governments' capability in emergency management. With this programme, the local governments will have capital available for disaster relief and post-disaster reconstruction in the event of a severe disaster.

Swiss Re Global Partnerships Chairman Martyn Parker said: "This is a real innovation and a ground-breaking success in supporting China to protect against fiscal fluctuation caused by natural disasters. It has also set up an excellent example of public private partnership in mitigating natural catastrophe risks with insurance programmes."
Swiss Re President for China John Chen said: "It is one of the top priorities of the government bodies in China to better manage natural catastrophe risks, and it has been the desire of the insurance companies in the market to play a bigger role in this sector. We are pleased to bridge the cooperation with an innovative solution and would look forward to replicating the solutions for other provinces in China."

Source - http://www.business-standard.com