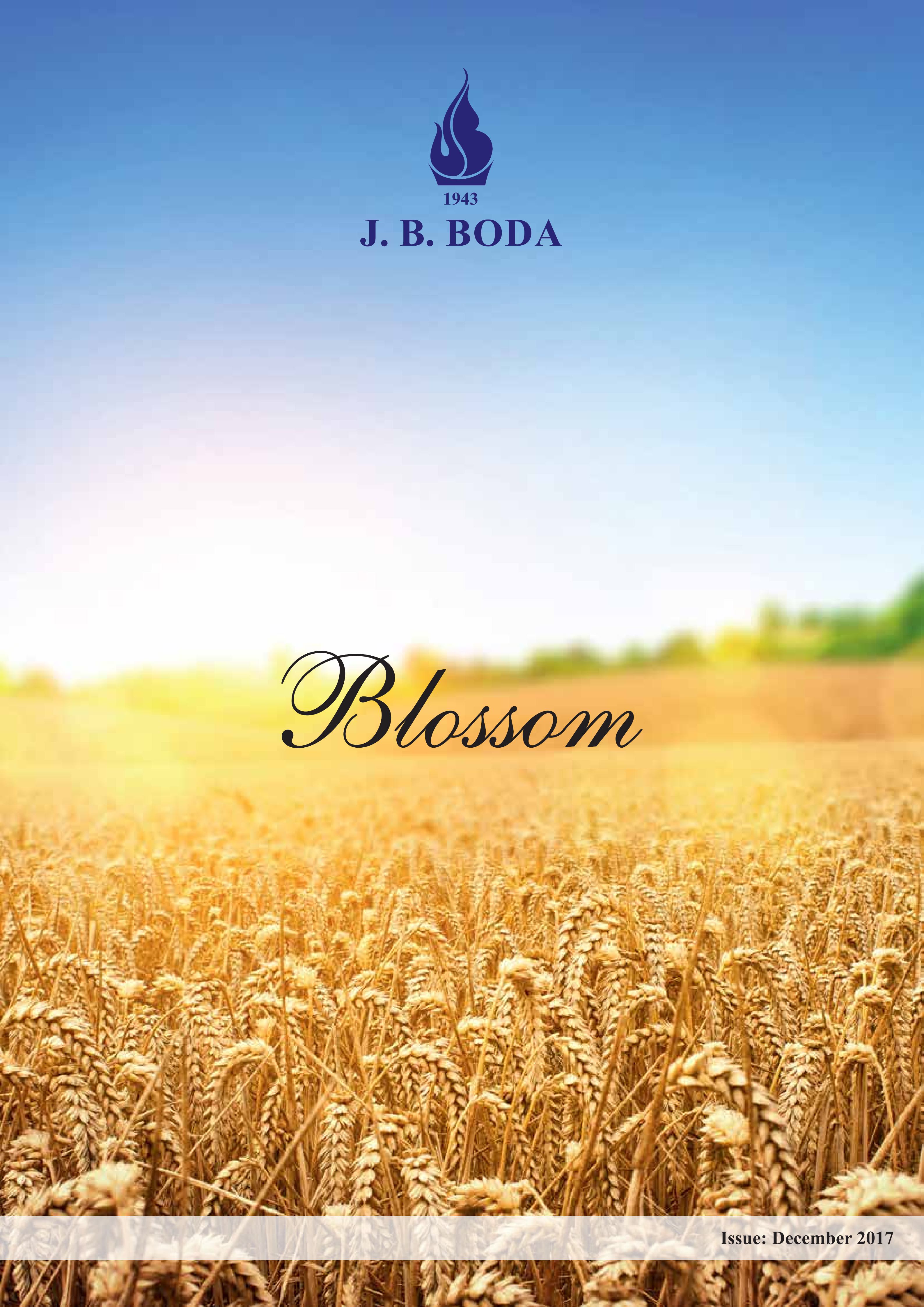

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J. B. BODA

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India - Higher coverage, premiums to inflate crop insurance subsidy

The 2017-18 subsidy bill for the states and the Centre due to the Pradhan Mantri Fasal Bima Yojna (PMFBY) is set to increase 10-15 per cent as the scheme enters the second year.

The farmers' coverage is expected to increase by 10-15 per cent. In several states, insurers have raised premium quotations by 5-7 per cent.

In 2016-17, the central government had shelled out around USD 1,386 Mn and states USD 1,415 Mn to subsidize the PMFBY, which gives farmers crop insurance at low premiums and higher coverage.

This year, there has been a 10-15 per cent increase in coverage area. In some western states, the premium has also increased by about 10-15 per cent on the basis of last year's claim experience.

This year, insurers have mostly raised premium quotations by around 10 per cent in some western states, such as Gujarat and Rajasthan. In states such as Karnataka and Tamil Nadu, the increase has been around five-seven per cent. In eastern states, where the insurers had better claim ratio last year, the premium has come down by around 5 per cent. There has been a rise in premium in western states. In southern states, too, there has been a moderate rise in premium.

Premium collection in 2016-17 was USD 3,490 Mn and claims were about USD 2,109 Mn. The sum assured was about USD 31.65 Bn, covering nearly 57 million farmers and about 56 million hectares.

Last year, data discrepancy had led to disputes about claim settlement in several states. According to insurers in several states, crop cutting experiments (CCE) were not properly conducted.

CCE data at harvest helps assess yield loss. But collecting the data requires substantial manpower. At present, state governments have the responsibility to conduct the experiments.

In some cases, the experiments were not conducted on the date intimated to the insurers. In other states, data presented by the state government did not match ground realities.

For example, in Gujarat, despite a bumper production of groundnut, the claim ratio determined by the state government has been as high as 200 per cent. In Rajasthan, crop cutting experiments were affected last year due to a strike by government-appointed accountants. In Tamil Nadu, the insurers had one of the highest claim ratios, exceeding 300 per cent, due to one of the worst droughts in the past 140 years.

The PMFBY is based on actuarial calculations and rates are based on risk perception. Thus, premiums differ, based on crops and regions. However, a farmer pays only a flat 2 per cent premium; the rest is provided by the central and state governments. On an average, the premium comes to around 12 per cent, with the state and central governments bearing 5 per cent each.

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

PMFBY statistics 2016-17 as of 30th November,2017		
No of Farmers Covered	57 Million	
Premium Particulars	Amt. (INR Cr)	Amt. (USD Mn)
Total sum Insured	2,02,551	31,649
Total Premium Collection	22,334	3,490
a. Premium paid by Farmers	4,411	689
b. Premium Paid by Central Govt.	8,867	1,386
c. Premium Paid by State Govt.	9,056	1,415
Total Claims	13,500	2,109

Source: *Agriculture Insurance Companies in India*

India – Pink Bollworm pest attack on cotton crop in Maharashtra (State in Western India)

Nearly 50% of the cotton crop in Maharashtra has come under pest attack with official estimates of losses pegged at a whopping USD 2,344 Mn.

Maharashtra is one of the largest producers of cotton. A total of 4.2 Mn hectares is under cotton and nearly 2.04 Mn hectares spread across 18 districts have been affected with pink bollworm – a major cotton pest.

Farmer leaders have criticized the state government over its sluggish response to the escalating problem

Source: *https://timesofindia.indiatimes.com*

Africa moves to modernize its Weather forecasting

After five years of poor rains, farmers in southeast Kenya, were looking forward to a bumper harvest of maize and millet. But then, heavy rains pounded the area four days in a row for hours on end. Crop were submerged and destroyed. Crop harvest this year is less than during recent drought years. Like thousands of other residents of the area and millions of people around the world, farmers of Africa are struggling to cope with increasingly wild weather, including unexpected swings between drought and floods. As per World Bank, weather-related disasters, from floods and droughts to cyclones and landslides, have cost Africa over USD 10 billion in the last two decades.

An estimated 90 percent of all disasters on the continent are weather and climate-driven. Years of neglect and lack of investment has rendered as many as half of the continent's weather stations out of date and unable to capture accurate, dependable weather data.

Up to USD1.5 billion is needed to upgrade weather services infrastructure so it can produce the data needed for forecasts to help ease weather and climate disasters. Only five countries (Egypt, Kenya, Morocco, Nigeria and South Africa) have invested significantly in improving hydrometeorological observation networks, telecommunications and information systems and other necessary infrastructure, according to the African Development Bank. 16 other countries are now working to strengthen their weather, water and climate services. The bank is partnering with African Ministerial Conference on Meteorology (AMCOMET) to upgrade the infrastructure for regional climate observation in the Horn of Africa and Southern and Western Africa. The bank planned to nearly triple its annual climate financing to USD 5 billion a year by 2020 and build technical skills to help African economies and particularly farmers adapt to a changing climate. The poor state of weather forecasting across Africa is the result of lack of prioritization by governments and failure to commit funding for the services in a continent saddled with myriad development challenges.

The establishment of AMCOMET as an inter-governmental body recognized and endorsed by African heads of state and governments is a crucial step toward building better meteorological services on the continent.

Source: *https://www.reuters.com*

For more details email us at blossom@jbbodagroup.com

Address: J. B. Boda Reinsurance Brokers Pvt. Ltd. Maker Bhavan No. 1, Sir. Vithaldas Thackersey Marg, Mumbai 400 020, India | Phone :+91-22-6631 4949

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