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India- India's General insurance industry grows to Rs. 1,00,200 crore (USD 15,001 million)

General insurance industry crossed Rs 1 lakh crore premium income at the end of January 2017, registering a growth of 32 per cent aided by growth in crop and property insurance.

According to the data from the insurance regulator, during the first 10 months of the financial year, the industry earned premium income of Rs. 1,00,200 crore (USD 150,001 million), a growth of 32 per cent from Rs. 78,865 crore (USD 11,807 million) in April-January of the previous year. Standalone health insurance companies saw income of Rs.4,282 crore (USD 641 million) during the first 10 months.

Source - <http://economictimes.indiatimes.com>



India- 30% of area sown under Rabi crops gets insurance cover

More than 19 million hectares have come under the ambitious Pradhan Mantri Fasal Bima Yojana (PMFBY) during the current Rabi season, covering around 30 per cent of the total sown area of 64.5 million hectares.

According to preliminary estimates by insurance companies and state agencies till 3rd March, 2016, the total sum insured for the winter crops has jumped almost 50 per cent to Rs. 68,230 crore (USD 10,214 million), compared to the earlier season.

Around 16.4 million farmers have been brought under the ambit of the Prime Minister's crop insurance and weather-based crop insurance schemes as against 17.5 million farmers in the previous Rabi season. The number of farmers who have been covered under the PMFBY this Rabi season is expected to move up sharply after details from centres come in and final numbers are compiled.

As per the report together with the Kharif season, around 53 million farmers have been covered under the PMFBY in the first two seasons of 2016-17.

Govt of India, in 2017-18 Budget, had announced that the government planned to increase coverage under the scheme from 30 per cent of the cropped area in 2016-17 to 40 per cent in 2017-18 and to 50 per cent in 2018-19. Government of India has allocated a sum of Rs 9,000 crore (USD 1347.31 million) for the scheme as against the budget estimate of Rs 5,500 crore (USD 823.35 Million) in 2016-17. The revised allocation for 2016-17 was raised to Rs 13,240 crore (USD 1982 million) to settle pending arrear claims.

The sum insured under this Yojana has more than doubled from Rs 69,000 crore (USD 10329 Million) in Kharif 2015 to Rs 1,41,625 crore (USD 21201.35 million) in Kharif 2016," Jaitley had told Parliament.

Officials said that of the revised allocation of over Rs 13,240 crore (USD 1982 million) around Rs 10,371 crore (USD 1552.54 million) had already been released till February 23, while the remaining was in the process of being released.

As much as 25 per cent of the likely claim will be settled directly in farmers' accounts. Non-loanee farmers, such as share-croppers, are also included under the scheme.

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



India- Maharashtra govt releases Rs. 893.83 crore (USD 134 million) as crop insurance for farmers

The state government released Rs. 893.83 crore (USD 134 million) as insurance for farmers whose crops were damaged due to hailstorm and unseasonal rains in the 2015-16 Rabi season.

The state government released the amount which will be distributed to 26.88 lakh farmers in various parts of the state. The highest compensation, Rs. 402 crore (USD 60.31 million), will be distributed to 13 lakh farmers. Farmers in Aurangabad and Pune divisions will get Rs. 340.57 crore (USD 51.09 million) and Rs. 107.36 crore (USD 16.11 million) respectively. Farmers in Marathwada district had lost Soybean and other crops due to the rains.

As many as 34.26 lakh farmers had participated in the national agriculture insurance scheme with their share of about 20% of the sum insured. The farmers paid Rs. 56.91 crore (USD 8.54 million) to insure the crop on 24.60 lakh hectare land with the insurance cover of Rs. 2865.40 crore (USD 429.85 million).

The insurance amount of Rs. 893.83 crore (USD 134 million) being released is for the crop loss between November 2015 and March-April 2016. The agricultural production was hit

badly in 2015-16 due to the drought, but the compensation we paid against the insurance was unprecedented. Due to the satisfactory insurance settlement in the last one year, we have received very good response to the Prime Minister's Crop Insurance Scheme in the current year," said an officer from the agriculture department.

Besides the premium share paid by the farmers, the state and central governments bore the burden of Rs. 408.92 crore (USD 61.34 million) each. Agriculture Insurance Company of India Ltd, which was the insurance company, appointed by the state, will release the insurance amount in the bank accounts of the farmers. Besides Soybean, Jowar, Sunflower, Wheat, Onion, Paddy are the crops which have been covered by the crop insurance.

The government had given a push to the crop insurance in the backdrop of the drought for consecutive three years.

The state had settled the insurance cover of Rs. 4,205 crore (USD 630.81 million) for loss of Kharif crops, taken between July and November 2015.

Source - <http://www.hindustantimes.com>



India- Govt approves revenue insurance scheme for plantation crops

The commerce ministry has approved the pilot Revenue Insurance Scheme for Plantation Crops for protecting the growers from the risks such as yield loss, pest attacks and income decline caused by fall in prices, Parliament was informed today.

The Price Stabilization Fund (PSF) Scheme, 2003 was closed on September 30, 2013 and Revenue Insurance Scheme for Plantation Crops (RISPC) is an improved form of the PSF.

RISPC was approved on September 16, 2016 and will be implemented on a pilot basis for two years covering tea, coffee, rubber, cardamom and tobacco in eight districts in West Bengal, Kerala, Karnataka, Andhra Pradesh, Assam, Sikkim and Tamil Nadu by the commodity boards.

Department of Commerce has recently approved the pilot RISPC for protecting growers of plantation crops from the twin risks of yield loss due to adverse weather parameters, pest attacks etc and income loss caused by fall in international/domestic prices.

On the basis of performance of the pilot project, the minister said, the scheme will be considered for extension to other districts.

Source - <http://economictimes.indiatimes.com>



India- Crop insurance grows in value for state-owned insurers

The importance of crop insurance is set to rise steeply at government-owned companies in the segment. The change is being facilitated by the Pradhan Mantri Fasal Bima Yojna (PMFBY), which has triggered competition among general insurance companies. Almost all of them expect crop insurance to contribute close to a fifth of their premiums in the next three to four years, from close to nil last year. At present, motor and health insurance together account for close to half their premiums in the next three to four years.

Public sector General Insurance entities were passive distributors of crop insurance schemes, administrated by the state-owned Agriculture Insurance Company of India (AIC).

National Insurance has collected close to Rs. 751 crore (USD 112.51 million) as premium from the Kharif'16 and ensuing Rabi'16-17 season under the scheme. "Crop insurance will contribute 4 to 5 per cent of our total premium collection this year. Over the next three years, it will be 20-25 per cent, and could even be the biggest portfolio in their entire portfolio.

Meanwhile, the United Insurance has collected Rs. 1,302 – 1,402 crore (USD 195-210 million) as premium from PMFBY in the earlier Kharif'16 season.

Oriental Insurance could not bid for PMFBY in the earlier Kharif'16 season due to non-availability of actuaries. It is now looking to expand its portfolio significantly in the Rabi 16-17 season. At present, it has got mandates for Himachal Pradesh and Jammu & Kashmir, and has collected close to Rs. 601 crore (USD 90.01 million) as premium. In 2015-16, the entire non-life insurance sector collected premiums of Rs.90,182.94 crore (USD 13,501.35 million), with health and motor accounting for the lion's share. This year, agricultural insurance itself has garnered around Rs. 20,038.65 crore (USD 3,000 million) as premium.

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



India- Insurance firms fix low rates, put farmers in trouble

The drought-hit farmers are now worried a lot. They are upset over the Pradhan Mantri Fasal Bima Yojana and private insurance companies. According to farmers, the private insurance companies are trying to pay them a low amount as insurance claims by taking into account the sowing period as the crop loss period instead of the harvesting period.

After the monsoon failure and the non-receipt of Cauvery water, farmers in the delta region managed to cultivate crops with groundwater. Despite having grown the crops, the unprecedented rainfall destroyed it completely. Meanwhile, adding to the worries of the farmers who were expecting insurance for the failed crops, insurance companies were considering only the sowing period as against the harvest time.

With the Pradhan Mantri Fasal Bima Yojana, the State and Central governments are only paying subsidies up to 26 per cent. Afterwards, if there is any crop loss, the governments point towards the private insurance companies.

Insurance companies were considering crop loss as the loss which happened during the period of sowing, whereas the truth was that 90 per cent loss had already occurred. "If the insurance companies consider the loss during the sowing period, farmers could get just 6,000 per acre as insurance. But actually the loss happened only during harvest time. If the companies consider the loss at the time of harvesting, they have to provide 26,000 per acre.

Questioning the way crop assessment was done, Cauvery Delta Farmers Associations states nowadays, the officials are assessing the crops on the basis of villages. The place chosen for crop-cutting experiment is most often in well-grown parts despite of the fact that 90 per cent of the agricultural land has gone barren due to drought.

Source - <http://www.newindianexpress.com>



Indonesia- New tool tracks floods, droughts for world's most vulnerable farmers

Researchers have developed a drought and flood monitoring tool for farmers with easy means of anticipating such weather events, even though their livelihoods rely almost solely on rainfall.

Developed at the request of UNESCO, the program provides a way to view a vast amount of weather data across Africa and Latin America, including some of the world's most environmentally and economically vulnerable regions. Users can access a wealth of information on wind speed, temperature, precipitation and stream runoff, and organize the data to better visualize weather patterns over short-term, seasonal and climatic time frames.

Such information is vital to farmers who live on less than a couple of dollars a day, and whose livelihoods depend on their ability to plant seeds in line with the season's rainfall.

The researchers say the program will be even more useful as rising global temperatures make once-occasional floods and droughts more severe and unpredictable. In recent months, such weather patterns have devastated rubber farmers in southern Thailand and banana farmers in the Dominican Republic, where people are already living in poverty and are now rebuilding their farms.

The program has already garnered interest in Cambodia, where escalating floods and droughts have dramatically reduced rice yields, making an agriculture-reliant population more vulnerable than ever. Farmers have long been in need of tools that help them make their own decisions regarding droughts and floods, which have affected farmers throughout the last decades of advancement in weather forecasting.

Source: <http://www.humanosphere.org>



Africa- World Bank & Africa Re to cap weather index-insurance loss ratios

The World Bank's Global Index Insurance Facility (GIIF) and African Reinsurance Corporation (Africa Re) have teamed up to provide a facility that will help to cap insurers loss ratios on weather index-insurance schemes in Africa.

Index-insurance, or index based insurance, typically involves protecting policyholders from weather and climate impacts, using indices based on observed and recorded weather data to provide the payout trigger and parameters.

The World Bank Group's GIIF and Africa Re have signed an agreement that will see them work together to establish a risk-sharing facility, which it says will take the form of an experience account, designed to "decrease premium levels for insured farmers and encourage local companies to create affordable insurance products."

The World Bank explains that the facility established with Africa Re's reinsurance assistance will reimburse insurers whose loss ratio is above 75 percent across an annual period, reducing the cost borne by primary insurers.

Meanwhile insured farmers will benefit from a reduction in premium prices and also receive their payouts faster because of a pre-agreed pricing rule, which will result in quicker claims settlement.

The main goal from this initiative is to ensure the "continuation and expansion of index insurance as a risk management tool. Index insurance, particularly weather index based, is seen as an essential way to support agriculture in emerging or developing regions of the world, as well as to offset the impacts of climate factors such as drought.

For farmers the importance of being able to re-plant crops after weather impacts their growing cycle cannot be understated and insurance provides a mechanism through which continuity can be encouraged, ultimately providing the kind of financial safety net that can improve and even save lives.

By encouraging risk sharing in order to cap loss ratios, rather like an excess of loss reinsurance agreement might transfer losses above a pre-defined point, the insurers operating weather index insurance schemes can provide greater certainty in terms of policy pricing as well, which is important to ensure policyholders remain policyholders even after a claim.

With the G-7 Climate Risk Insurance Initiative (InsuResilience) having a stated goal of getting 400 million poor and vulnerable people insured against climate risk (directly and indirectly) by 2020, the roll-out of weather index and parametric insurance schemes will need to accelerate and facilities such as this can only help.

Source - <http://www.artemis.bm>

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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