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India - World Bank interested in expanding Satellite-Based Flood Insurance scheme

After the success of the pilot project on Index-Based Flood Insurance (IBFI) for farmers in Bihar, the World Bank has shown interest in helping to scale up the plan across eastern India. The World Bank is interested in scaling up IBFI in flood-prone districts across eastern India following the successful implementation of its pilot in flood-affected villages in Muzaffarpur district in Bihar. World Bank is in talks with the Colombo-based International Water Management Institute (IWMI) to promote IBFI.

IBFI uses advanced modelling techniques with satellite data to enable quick insurance pay-outs to those affected by floods. The institute used remote-sensing data and simulation modelling to provide regular updates on flooding to the Emergency Operation Centre of the Disaster Management Department in support of relief operations and damage assessment. Satellite data has never been used before for providing insurance to flood-affected farmers. The Agriculture Insurance Company of India (AICI) had agreed to pay out money to farmers based on the scientific method.

The IBFI pilot project was carried out by IWMI in collaboration with Indian Council of Agricultural Research (ICAR), AICI and Swiss RE, a leading global reinsurer. The pay-out decision was determined on the basis of data indicating the actual depth and duration of flood waters in the paddy fields. Of the 2,000 farm households involved in pilot-testing, 43 would receive compensation via bank transfers. 14 farmers, who suffered total crop loss, received the full insured amount of INR 20,000 per hectare. But other farmers received insured amount of INR 7,000 to INR 14,000, depending on the loss of crop.

Within the the pilot-project area, floods had affected 36,620 hectares of paddy, mainly in the Madhurpatti and Bhatgaon villages. In the initial pilot stage, the insurance product was fully subsidised, covering rice crops in the 2017 monsoon season — from early July until the end of October, with a total insured value of about INR 4.6 Mn (USD 70,794). IWMI is a non-profit, scientific research organisation focusing on the sustainable use of water and land resources in developing countries. It had selected Bihar for this pilot project as it is the country's most flood-prone state that suffers heavy agriculture losses every year. Experts have time and again stated that crop insurance can help farmers deal with the risks and losses associated with disasters like Floods or droughts.

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



India - State Govts to blame for issues in crop insurance scheme: Agriculture ministry

The prime minister's flagship crop insurance scheme, which has seen an impressive rise in coverage is facing a number of challenges that are delaying claim settlements for farmers. In the Pradhan Mantri Fasal Bima Yojana (PMFBY) after nearly four seasons of implementation, several challenges have cropped up. The biggest challenge faced is the conduct of crop cutting experiments which many states are unable to do in a short window of time. Companies have also objected to possible fudging in crop cutting experiments (used to estimate losses). There are gaps in many states in implementing the guidelines of the scheme in letter and spirit and those have led to payment delays (to farmers) in certain states. Lack of historical data has hiked up premiums in some areas, and states are not doing enough to provide data to companies. Another issue which is a challenge is the delay in release of subsidies (towards premium) by state governments which is delaying payment of claims to farmers.

The Agriculture ministry is ready with a new portal which will ensure transparency and end-to-end implementation of the scheme from communication between states and companies to claim settlement. The Central government is soon going to issue a revised set of guidelines to address current challenges and are also thinking of setting up a dispute resolution mechanism to resolve conflicts between state governments and companies.

While the top official from the agriculture ministry blamed states for the glitches in the PMFBY, a consultant to the state of Haryana on crop insurance has held insurance companies responsible for not putting in place any ground infrastructure (required for grievance redressal and assessing crop losses in individual plots).

An evaluation of the PMFBY by the Delhi-based Indian Council for Research on International Economic Relations said that even two years after the scheme was launched, use of technology such as mobile devices or remote sensing to estimate crop losses has been limited. The study also said that a scheme like PMFBY, which gets nearly a third of the resources of the department of agriculture and cooperation, is run by just two senior officers and deserves a dedicated team of professionals.

Since its launch in 2016 kharif, the PMFBY spruced up coverage from 26% of gross cropped area in 2015-16 to 30% in 2016-17. The government's goal is to bring 50% of the crop area under insurance by 2018-19.

The budget raised the allocation under the crop insurance scheme from INR 106.98 Bn (USD 1.65 Bn) in 2017-18 (revised estimate) to INR 130 Bn (USD 2.0 bn) in 2018-19 (budget estimate).

Source: <http://www.livemint.com>



India - Insurance pitch for fish farmers

The Bihar state government is looking into a proposal to introduce an insurance scheme for fish farmers on the lines of crop insurance. The animal and fish resources department is working out details. As of now, fish farmers do not have any such insurance cover. This financial security can also help avail of loans from banks even after issuance of Kisan credit cards to fishermen, as proposed by the Union budget presented. This insurance cover can prove to be a game-changer for fish farmers in the state, as it would give banks confidence to provide loans to fish farmers once Kisan credit cards are issued.

According to insurance sector norms, insurance cover is given for fish culture if the farmer is rearing fish in a captive water body, like a pond. Out of Bihar's total annual fish production of 510 thousand metric tonnes, around 360 thousand metric tonnes are produced in ponds spread across 93,000 hectares. If one takes into account the number of fishermen who will benefit from the insurance scheme, the number is a huge 400 thousand fishermen associated with 457 fishermen cooperative societies set up at the block level. These farmers practice fish culture in private and government-owned ponds.

It is not that Bihar has not tried its hand at giving insurance cover to fish farming. A beginning was made in 2009-10 when an insurance scheme was launched in which one public sector insurance company was roped in to provide the service. The effort didn't succeed as the premium rate was quite high. While half of the premium amount was being paid by the state government, the balance had to be paid by the fish farmers. As it didn't prove economical, only four to five big farmers opted for the scheme and it was subsequently discontinued. Now, the directorate is working on a proposal to ensure that a major chunk of the premium cost is borne equally by the Centre and the state while the fish farmers has to pay only 10 to 12 per cent of the insurance premium amount.

Source: <https://www.telegraphindia.com>



India - Hailstorm destroys crops in Maharashtra

Unseasonal rains accompanied by hailstorm lashed parts of Maharashtra's Marathwada and Vidarbha region razing huge tracts of crops in the month of February, 18 . The hailstorm which hit Jalna, Beed, Amravati, Buldhana, Washim, Akola and the surrounding areas flattened the standing crops of wheat, grapes and chickpea besides hitting mango cultivation. The hailstorm, which lasted 15 minutes in some parts of Jalna and other places, transformed the green fields into white "snow-covered" valleys of Jammu and Kashmir. Barring Jalgaon, almost all the affected districts are from Marathwada and Vidarbha. The Maharashtra government has estimated that the recent hailstorm in the state has damaged crops worth INR 31.35 Bn (USD 482 Mn). The total cost of crops damage in Jalgaon is INR 9.6 Mn (USD 0.15 Mn) while INR 13.07 Bn (USD 201 Mn) in Marathwada and INR 18.18 Bn (USD 280 Mn) in Vidharbha. The total hailstorm affected area is 290 thousand hectares.

Source: <http://www.dnaindia.com>



PartnerRe and Farmers Edge team up to close agricultural insurance gap

Global reinsurance firm PartnerRe has teamed up with agricultural technology and decision software specialists Farmers Edge in a multi-year partnership that aims to help insurers to close the agricultural insurance gap across all continents. The four-year agreement brings together precision farming technology and agricultural insurance in a deal that the pair expect to fundamentally advance the \$5 trillion global food and agriculture industry. PartnerRe and Farmers Edge will develop new agriculture insurance products together for the main crop growing areas worldwide with products targeted at solving specific challenges of farmers and meeting their needs. The pair believes that insurance products with integrated precision-farming capabilities can improve the efficiency and sustainability of farming operations, helping farmers obtain customised insurance products that meet their individual needs and parameters. The insurers will benefit from a more efficient loss adjustment process by working with PartnerRe and Farmers Edge. By marrying cutting edge technology with insurance market expertise, insurers will have a unique opportunity to get closer to their customers in terms of risk selection, product design, crop growth monitoring and claims adjustment – to create very tailored solutions that meet each farmer’s specific needs. Farmers Edge’s software platform provides turnkey solutions, including: Variable Rate Technology, soil sampling and analysis, field-centric weather monitoring, in-field telematics and data transfer, daily satellite imagery, data analytics, predictive modelling, access to integrated farm management platform and real boots on the ground. Farmers Edge enables and encourages farmers to collect, store and transfer data, enabling them to make better decisions in managing their land and crops. For PartnerRe, working with a data driven agricultural solution could help it to expand coverage, make better informed underwriting decisions and also put its reinsurance capacity to work for the client base of Farmers Edge.

Source: <https://www.reinsurancene.ws>

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