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## World News Summary from AgrolInsurance

April 2018



Dear Colleagues,

AgrolInsurance 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!

### Serbia - Press Release from the 4th International Conference “Agricultural Insurance, Reinsurance and Brokerage in the CIS, Europe and Asia”

The 4th International Conference “Agricultural Insurance, Reinsurance and Brokerage in the CIS, Europe and Asia” took place on April 16-18, 2018 in Belgrade, Serbia. The conference was attended by more than 90 delegates from 30 countries representing more than 60 companies. Attendees came from leading global reinsurance and insurance firms, insurance brokers and consulting agencies, market regulators, and large financial institutions.

The event program centered around an overview of agricultural insurance markets in Central and Eastern Europe, CIS countries, Southeast Asia and Australia. The presentations focused on discussing ways to improve insurance products available on these markets and to better meet the needs of farmers and government institutions. One presentation that deserves a special mention dealt with the specifics of the evolution of agricultural insurance in the Philippines, Indonesia and Vietnam.

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## Vietnam - Poor farmers to be supported with up to 90 pct of ag insurance

An individual who works in agriculture and is from a poor or near poor household will receive support of up to 90 per cent for agricultural insurance fees from the Government. New resolution No.58, which will be valid from June 5, 2018, moreover, says that an individual who works in agriculture and does not belong to a poor or near poor household will be covered for up to 20 per cent of agricultural insurance fees.

Agricultural insurance aims to protect farmers against any loss of crops and livestock. It is expected to provide value to low-income households in rural areas by increasing farmers' resilience against incidents as well as promoting investment in planting and breeding activities. The subjects covered by the resolution are divided into three categories: plants, livestock and aquaculture. The process of granting insurance fees will be conducted by insurance agencies, following the procedure regulated by the Government.

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## Canada - AFSC lowering crop insurance premiums this year

Agriculture Financial Services Corporation is lowering crop insurance premiums. On average, 2018 premium rates for crops are eight per cent lower than they were in 2017. The decrease in premium rates is a reflection of the generally good growing conditions over the past few years, which resulted in positive results for the crop insurance program. Premiums for specific crops depend on the actual loss experience for that crop as well as the risk area.

AFSC has also made other changes for this year's growing season. A 10 per cent claim deductible is being introduced under the Spring Price Endorsement, which will reduce the premium rate charged to clients by between 20 per cent and 30 per cent depending on the crop. As well, insurance coverage for two new wheat classes are being aligned after the Canadian Grain Commission reclassified a number of wheat varieties.

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## India - Flagship crop insurance scheme runs into rough weather

A pro-farmer agricultural crop insurance scheme – the Pradhan Mantri Fasal Bima Yojan – is faced with the prospect of coming a cropper. The reason: the failure of most states to make timely payments of their premium subsidy share and also conduct the requisite number of crop cutting experiments for assessment of yield losses. Under the PMFBY's operational guidelines, state governments are supposed to call bids for the selection of insurance companies in early February, well ahead of the new crop year.

This is followed by the issuance of notifications incorporating all relevant details – the crops covered and companies operating in different areas, indemnity levels and average yields against which compensation is calculated, sum insured, actuarial premium rates and subsidy on this, etc – by March in respect of the

kharif season and by September for rabi. The cut-off dates for receipt of premium from farmers, making them eligible for insurance, are July 31 (for kharif) and December 31 (rabi).

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## Kenya - Index Based Livestock Insurance Program to be unveiled

The government has spent over 700 million shillings on the Index Based Livestock Insurance Program that was rolled out in the eight Arid and Semi Arid counties four years ago. Agriculture CS Mwangi Kiunjuri says the insurance programme will be rolled out in all the fourteen Arid and Semi Arid counties in the next two years in support of the livestock development agenda under the Big Four Plan.

The Index-Based Insurance Program protects against shared rather than individual risk such as the risks associated with weather fluctuations, disease out breaks or price loss. The government first piloted the program in Wajir and Turkana Counties and after a successful start, it was extended to six more counties. 705 million shillings has already been spent on the program. The progress of the program is being monitored and now has over 100,000 beneficiaries.

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## UK - Farmers urged to insure flocks against sheep worrying

The graphic images and noticeable increase in reports of sheep worrying over recent weeks, once again brings to the fore the constant challenge farmers face in educating the public of the potential impacts their actions can have on livestock. While dog attacks on livestock are no new thing, police has reported a sharp rise in incidents across the country.

With the increasing number of houses being built in rural areas, and farm diversifications into camp sites, the chances of an attack have rapidly increased. With the unfortunate likelihood that the culprits will not be caught and brought to justice, livestock farmers really should be looking at making sure their insurance protects them. Cover for sheep worrying is available as an extension to a standard livestock policy, and will apply regardless of whether animals are being grazed on a farmers' own land or a rented field.

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## Africa - Index insurance to be implemented to enhance agriculture in region

A new service type, index insurance, helps African farmers cope with the consequences of global warming by providing them at a lower cost and according to weather indices. Sub-Saharan Africa is currently facing multiple projects aimed at developing index insurance, based on climate indices such as rainfall or temperature levels, it was reported.

Unlike traditional insurance where the reimbursement is made on the basis of reported crop losses, these measures are intended to prevent the effects of climate incidents on farmers, by paying them

compensation upstream of the incident. This index insurance is a response to climate change that will certainly affect parts of sub-Saharan Africa, making droughts more frequent. The new index insurance products will be implemented in the Sub-Saharan Africa region as a dozen projects are underway.

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## India - States allowed to set up crop insurance firms to execute PMFBY

The Centre has allowed states to set up their own insurance companies for implementing Pradhan Mantri Fasal Bima Yojana (PMFBY), a senior Agriculture Ministry announced. The move comes after several requests from states as well as observations made by Comptroller and Auditor General (CAG) in its 2017 report that old crop insurances schemes which have now been merged with PMFBY, were poorly implemented during 2011-2016.

Presently, five public sector insurers and 13 private insurance companies are empanelled for implementation of the scheme. The public insurers include Agriculture Insurance Company of India (AIC), United India Insurance Company (UICC), National Insurance Company (NIC), Oriental Insurance Company (OIC) and New India Assurance Company (NIAC).

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## USA - How robotic lasers are being used to protect wine crops from birds

Robotic lasers have been deployed to stop birds from damaging grapes at a vineyard in California for the first time. The bird-repelling technology has proved so successful it is estimated to have saved the vineyard owner more than 25,000 dollars and decreased crop loss and bird nuisance by 99.8%. The tech works because birds see the approaching laser beam as a predator and take flight to seek safety, leaving the grapes undamaged.

Similar tech is also used by vineyards in Canada, Argentina and Australia, although this is the first time it has been used on California wine grapes. Netting is not effective in areas where many birds are foraging or perching. The birds still can get under the net and damage the grapes. The net also makes it difficult to work on the grapes for annual pruning, fertilising or removing damaged grapes.

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## Adverse weather in March drives \$3bn economic loss in the U.S

According to reinsurance broker Aon Benfield, active weather events in March are expected to cost the U.S. economy \$3 billion, with approximately \$2 billion of this being assumed by insurers and reinsurers. Outside of the U.S., drought in Argentina and Uruguay impacted agricultural sectors, and is expected to drive economic losses of \$4 billion, much of which is unlikely to be insured as a result of the low levels of insurance penetration across much of South America.

With an expected multi-billion dollar impact to the agricultural sectors in Argentina and Uruguay alone, this

puts additional focus on how costly the drought peril can be and the importance of crop insurance. Lingering La Niña conditions during the austral summer has led to a continued severe lack of rainfall across parts of South America.

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