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World News Summary from AgrolInsurance

March 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!

AgrolInsurance Conference - The conference program has been updated with new topics

More than 70 delegates from 25 countries have confirmed their participation. Various aspects of agricultural insurance will be presented by nineteen guest speakers. An updated program, information about confirmed presenters and the latest list of participants are available on the event's website – www.agroinsconf.com.

In addition to specialist presentations that will be discussed in individual sessions, delegates will have an opportunity to participate in a panel discussion on: "Modern Technology in Agricultural Insurance". The aim of the panel session will be to focus on issues existing in and solutions available for the application of satellite monitoring and drones in different countries. Special emphasis will be placed on the discussion of regulatory rules governing the use of drones.

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Canada - Changes announced to crop insurance

Agriculture Minister announced details of the 2018 Crop Insurance Program. Saskatchewan producers will have access to very high coverage as the Crop Insurance Program continues to improve, as a result of the success of Saskatchewan farmers and ranchers. Crop Insurance coverage levels are \$216 per acre, compared to \$217 per acre in 2017. The slightly lower coverage is a result of lower insured crop prices in 2018. The average premium for 2018 is \$8.41 per acre, down slightly from \$8.51 per acre in 2017.

There are a number of enhancements for the Crop Insurance Program in 2018. Fire insurance for pastureland, more crops to be insured under the Contract Price Option and increased compensation rates for cattle lost due to predators. The Saskatchewan Stock Growers Association (SSGA) was also pleased that the government heard the voice of stock growers and has responded with enhancements to their risk management programs.

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USA - Crop insurance reduces the need for ad-hoc disaster payments

When agricultural disasters occur, the federal government has traditionally responded in one of two ways: ad-hoc disaster payments or assistance in purchasing federal crop insurance. For nearly two decades the preferred delivery mechanism for a majority of agricultural products has been the federal crop insurance program. Ad-hoc payments do still occur, especially for commodities not widely covered by crop insurance. Such was the case in 2018 following devastating hurricanes, droughts, floods and wildfires across parts of the U.S. in 2017.

However, as work on the 2018 farm bill ramps up, it's appropriate to review the benefits of federal crop insurance programs compared to ad-hoc disaster payments. The article compares the farm safety net protection provided by crop insurance to ad-hoc disaster payments, and reveals a negative correlation between the need for ad-hoc disaster assistance and the use of crop insurance tools.

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India - Crop insurance scheme loses sheen as coverage area reduces

The Narendra Modi government's flagship crop insurance scheme, launched with much fanfare two years ago, has witnessed negative growth this year as the coverage has reduced to 24 per cent of gross cropped area (GCA) in 2017-18 from 30 per cent in 2016-17. This, when the actual target for the current year was 40 per cent. Similarly, the number of farmers insured during both the kharif and rabi seasons has gone down by 14 per cent this year.

In 2017-18, the area insured under the Pradhan Mantri Fasal Bima Yojana (PMFBY) was 47.5 million hectares, as per the data accessed by IANS, which translates into 24 per cent of the GCA of 198.4 million

hectares. After the PMFBY was launched in February 2016, the area under coverage had gone up to 30 per cent in 2016-17 from 23 per cent under the old schemes a year ago. As per the government's targets, the coverage in 2017-18 should have increased to 40 per cent but has actually reduced to 24 per cent.

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UK - Insurers issue warning for dog owners over 'sheep worrying'

There are fears that dog owners in Hertfordshire are not fully aware of the risk their pet could pose to livestock. Concerns of 'sheep worrying' have been raised by farm insurers Lycett's, who say farmers are being forced out of the industry every year due to the trauma and crippling cost of attacks. It's a particular problem at this time of year as we are in lambing season – ewes can even miscarry their lambs from the stress.

Within a week, around two dozen sheep were killed when two dogs allegedly got into a field in East Hertfordshire. What many dog owners don't realise is that their dog does not have to physically attack a sheep to cause harm. A barking or 'playful' dog may seem innocuous to its owner but to a sheep, it is a threat and can spark blind panic among the flock. Even if a dog does not make contact with the livestock, the stress from worrying by dogs can cause sheep to die.

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Pakistan - Farmers see room for improvement in crop loan insurance scheme

In Pakistan, agriculture production challenges primarily stem from environmental and climate-induced disasters. Pakistan's economy faced 133 natural disasters since 1995 to 2015, which caused losses of \$38.23 billion to the national economy. About 36 districts of the country are highly vulnerable to risks posed by natural disasters, 68 have medium vulnerability and 52 have low vulnerability against floods and droughts combined.

Along with the threat and disasters caused by climate change, farmers are facing issues of salinity, water scarcity and decreasing groundwater levels which slash their income from crop harvests. Such issues have made it more difficult for them to repay their debt. With the growing challenges, the demand for agriculture credit from the farmers has gone up in an attempt to improve their harvests. Provision of credit to the agriculture sector reached Rs704.5 billion in fiscal year 2016-17.

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USA - Cannabis farmer gets over \$1 million insurance payout

One Carpinteria farmer won an insurance payout well in excess of \$1 million after ashes from the Thomas Fire destroyed thousands of his plants. What was unusual was that the plants were marijuana. As cannabis cultivators come out of the shadows, pot businesses are starting to operate like any other business – they have lawyers, accountants, bankers, and, more recently, insurance brokers.

Most of the Northern California cannabis farms scorched by last fall's wildfires did not have insurance. They were forced to suffer huge losses. While the recreational cannabis industry is legal in California, marijuana is a Schedule 1 drug under federal law. And an air of secrecy still exists. The market is still pulling itself up from underground.

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Africa - Index insurance trialled as part of climate change fight

Since the end of the 2000s, there has been an increase in projects in sub-Saharan Africa to develop index insurance, based on weather indices such as rainfall or temperature. It is intended to help farmers cope with climate change, before droughts sets in. These measures should make it possible to shield farmers from the effects of adverse climatic conditions by paying them compensation before the risk occurs, rather than classic insurance which sets compensation on the basis of reported crop losses.

Index insurances have been presented as an answer to climate change which will affect certain regions of Sub-Saharan Africa, by increasing the frequency of drought. It also holds the advantage of being cheaper and, therefore, more accessible to small farmers, who make up a large part of the total in the countries of the region. Currently, dozens of projects spread across twenty countries are led by the World Bank to develop this type of insurance.

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Ghana - Agro insurance crucial in Govt agricultural transformation agenda

Government's agricultural transformation agenda cannot be realized without agro insurance, according to Ghana Agricultural Insurance Pool. Flagship programmes such as Planting for Food and Jobs should be backed with interventions to deal with potential risk. Ghana is a signatory to the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihood.

The Ghana Agricultural Insurance Programme has since inception in 2011, developed the first agricultural insurance for Ghana. It also initiated a key adaptation measure to climate change. Nineteen Ghanaian insurance companies which form the Ghana Agricultural Insurance Pool, ensure a solid financial foundation.

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Farm drones, facial recognition for cows: How AI is revolutionising agriculture

Agriculture has always been both a major industry and foundation of the economy. Most importantly, in a country like India, agriculture is the mainstay of a majority of the population while also being an important economic activity contributing to the annual revenue. In India, agriculture and allied sectors like forestry and fisheries accounted for 13.7% of the GDP (gross domestic product) in 2013.

Limitations posed by inconsistent factors such as climate change, population growth, and food security concerns have propelled the industry to seek more innovative approaches to deal efficiently with the otherwise erratic aspects of agriculture. As a result, AI is steadily emerging as part of the industry's technological evolution. In such a scenario, the potential of AI has extended beyond Wall Street and Silicon Valley to explore its relevance in other comparatively obscure areas like agriculture.

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