

Weather-based Crop Insurance

Weather-based insurance scheme is to be implemented in the State in order to give protection to farmers against weather conditions which adversely affect crops. Central Agriculture Ministry, State Agriculture Department and Agriculture Insurance Company of India Limited are jointly implementing the scheme. The scheme aims to protect the farmers from the likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like harmful winds, unseasonable rain, excessive rain, disease-inducing climate, low temperature level, excessive humidity, etc. The scheme which is to be started in Palakkad and Kasaragod districts in the beginning is intended to be effected in all other districts of the State subsequently. There will be centres in all selected development blocks to measure the level of these adverse climatic conditions. Compensation for crop loss due to adverse weather conditions will be determined on the basis of the data provided by these centres. Insurance amount will be deposited in the bank accounts of affected farmers within 45 days after these centres provide their report. Fifty percent of the premium is met by the Government. Farmers, who have taken loans from nationalized banks, coop: banks/ societies and rural banks will be de facto members without submitting formal applications. Farmers who have not availed any loan must fill up forms and remit premium amount less subsidy either directly in banks/societies or through Krishi Bhavans to be sent to the Insurance Office.

Main features of WBCIS to be implemented in Rabi 2009-10 season

- The scheme will be applicable to major cereals, millets, pulses, oilseeds and commercial/horticultural crops grown during rabi season.
- All farmers, both loanee and non-loanee, are eligible for coverage under the pilot. However, insurance will be compulsory for loanee, and optional for non-loanee farmers.
- The pilot scheme will be implemented by Agriculture Insurance Company of India Ltd. (AIC) and Private Insurance Companies i.e. ICICIC-Lombard General Insurance Company, IFFCO-TOKIO General Insurance Company & Cholamandalam MS General Insurance Company.
- All Insurance Companies (Public and Private) participating in pilot will be allowed to implement the same for loanee and non-loanee farmers.
- Concerned States will earmark areas of implementation of the pilot to each implementing agency, for loanee farmers, keeping in view farmers' choice/preference.
- Maintaining maximum limit of sum insured broadly equivalent to cost of cultivation,

non-loanee farmers will have flexibility to insure smaller amounts within maximum limit, but not less than 50% of maximum limit of sum insured.

- Actuarial rates of premium would be worked out by insurance companies including AIC using Standard Premium Rating Methodology and rates are capped at 8% for food crops & oilseeds. Farmers will actually pay premium for food and oilseeds crops at par with existing rates of NAIS in Rabi season. Difference between actuarial rates and flat rates in respect of food and oilseed crops shall be shared by Central and State Government on 50:50 basis.
- In case of annual commercial/horticultural crops, maximum cap of 6% on premium payable by farmers has been provided as given below :

S. No.	Premium Slab	Subsidy by Central and State Government on 50 : 50 basis and premium payable by farmer
1	Up to 2%	No subsidy.
2	> 2 - 5%	25% subsidy subject to minimum net premium of 2% payable by farmer.
3	> 5 – 8 %	40% subsidy subject to minimum net premium of 3.75% payable by farmer
4	> 8%	50% subsidy subject to minimum net premium of 4.8% and maximum net premium of 6% payable by farmers

- In case of annual commercial/horticultural crops, cap of 12% on actuarial rates of premium will be applicable.
- To make risk coverage acceptable as per IRDA Regulations, Private Insurance Companies (ICICI-Lombard, IFFCO-Tokio and Chola MS) may draw funds (i.e. subsidy part of the premium) periodically from AIC and AIC in-turn will get reimbursement from Government of India and concerned State Government, subsequently.
- All payable claims shall be the responsibility of insurance company concerned.
- Private Insurance Companies will be entitled for same level of subsidy as applicable to AIC which would be routed through AIC.