

Agriculture insurance on growth trajectory in Asia



Asia has one of the highest exposures to natural hazards like cyclones, flood and drought, which affect crop yields, livelihoods and assets. Government-backed agricultural insurance schemes are playing a crucial role in enabling people to recover quickly from the impact of such shocks, said speakers at the 6th Asia Agriculture Insurance Conference held in New Delhi.

By Jimmy John



PMFBY to get a technology upgrade

The Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme launched by the government of India in February 2016 has contributed largely to the vibrancy of agriculture insurance in India and will get a major overhaul to iron out problem areas. The Indian government is ready to spend around \$100m for technology intervention in its flagship scheme in order to make it robust and attractive to farmers, said Dr Ashish Kumar Bhutani, CEO of the programme.

He highlighted how PMFBY was the single most powerful and effective risk mitigation mechanism in the country but was running on primitive technology. "Leveraging technology to address major lacunae in the scheme is a priority of the government," he said in his opening address. He said that after its re-election the government has done a review of the scheme.

Despite spending \$4.2bn on the scheme over the past three years, it was generating negative publicity for the government as farmers were complaining of non-payment of claims.



Horticulture has huge insurance potential

Agriculture Insurance Company's officiating chairman and managing director Rajeev Chaudhary in his keynote address, spoke about how the horticulture segment was being neglected by the insurance industry and this needed immediate correction as this segment is growing rapidly across the country, with many urban dwellers and youngsters pursuing farming in their homes and backyards. "We need to develop products in horticulture and food crops to meet the aspirations of the younger generation who are now diversifying into farming and growing vegetables," he said.



Livestock insurance needs a push

India has more than 500m cattle and more than 20.5m people depend on livestock for their livelihood. National Insurance Academy's director G Srinivasan said that in spite of this, very little focus is given to livestock insurance and this needs to change. "Insurers must come out with new age livestock insurance products to protect livelihoods of farmers," he said.



Speaking on the challenges facing livestock insurance in India, Dr R Duggal from the Insurance Institute of India said that livestock and agriculture are intrinsically linked to each other and so cannot be ignored. "India is far behind in insuring its huge livestock population and only 6% of the cattle population and less than 0.6% of the cattle owners are insured," he said.



Dr R Duggal

Technology aids in improving efficiency

RMSI's senior vice president of risk and initiatives, Pushpendra Johari spoke on the impact of climate change. "In the short term, impacts of mean change in climate are likely to be small but in the long term, impacts are likely to be large. Crop productivity could decrease by 10% to 40% by the end of this century," he said.

Skymet weather services founder and managing director, Jatin Singh spoke of how his company was empowering Indian farmers to forecast and manage weather and agriculture risk. "Satellite imagery and UAVs can be used for crop type determination, acreage estimation, health assessment and yield forecasting with minimal manual intervention and we use an in-house developed processing software to analyse satellite and UAV images along with other inputs," he said.



L-R: Messrs Jatin Singh and Pushpendra Johari

CelsiusPro director of business development Sebastian Glink spoke about why data and technology should be made available to make PMFBY more transparent for all stakeholders.

"Everybody should get access to the data and there is a lot of data and technology existing, but a holistic set-up is missing where all stakeholders could benefit from," he said.

Mahalanobis national crop forecast



Mr Sebastian Glink

centre director Dr Shibendu Ray said that soon satellite remote sensing will play the major role for the country's crop insurance programme. "With over 50 years of experience in satellite remote sensing in the country and multiple organisations involved it is possible to assess various agro-meteorological parameters, such as rainfall, land surface temperature, evapotranspiration, soil moisture, which influence crop growth," he said.



Dr Shibendu Ray

Earth Analytics cofounder Michael Anthony spoke about the benefits of using high-resolution satellite for crop monitoring that helps to understand the development of particular crops throughout the season. "We use both optical as well as radar-sensors that enable us to see crop growth also during cloud condition," he said.



Mr Michael Anthony

The Lloyd's food system shock scenario

Addressing the Lloyd's report on food system shock, Lloyd's India CEO Shankar Garigiparthi said that it commissioned the development of a scenario of plausible but extreme shock to global food production and the cascade of events this would cause. The world's population is expected to reach 9bn by 2050 and climate change will increase the risk of extreme weather events which will affect modern societies that depend on global connected food systems.

"The global food supply accounts for more than \$8tn of global GDP and provides huge opportunities for insurers,"

Changing risk scenarios requires innovative approach

Guy Carpenter managing director and head of agriculture, Asia Pacific Rob Solloway said that change is constant and so the insurance industry to stay relevant must innovate and adapt.



Mr Rob Solloway

GIC Re deputy general manager S Rath, speaking from a reinsurers perspective, said that it expects proper control in the loss expenses ratio from insurers. "For this to happen there should be an intensive claims control mechanism in the field along with proactive use of technology for more accurate crop yield estimation. Insurance companies should get involved with the supervision of CCEs and avoid over dependency on third party vendors," he said.



Mr S Rath

"There must be new initiatives in water management and strengthening of institutional mechanism for resilient agriculture and drought risk at the national level. Capacity building including training, research and education are core component of this initiative," he said. AIR Worldwide senior specialist – agriculture Sriram Iyer spoke about the need for robust risk assessment for all stakeholders in agriculture insurance.

AAIB backs farmers in Sri Lanka

In her presentation on crop insurance in Sri Lanka Agriculture and Agrarian Insurance Board (AAIB) director – insurance director Chandralekha Manthilaka said that the agricultural insurance law came into operation in 1974 to make provisions for a comprehensive agriculture insurance scheme in the market.



Ms Chandralekha Manthilaka

Speaking of the role of technology in the Sri Lankan agriculture segment, Surecore CEO Namal Gunawardhane said that the mobile app developed by his company would add value to the farming community.



Mr Namal Gunawardhane

The event also saw three lively panel discussions that dealt with topics from underwriting to climate change and agriculture insurance around the world. The conference with the theme 'Feeding the World with smart agritech – A resilient agri insurance system' was attended by 120 delegates from 10 countries. 🇳🇵