

Coconut Palm Insurance Scheme (CPIS)

1. Introduction

Coconut cultivation subjected to risks from climatic changes, natural disasters, pests, diseases etc. and, at times, entire coconut cultivation of a region, gets wiped out due to natural calamity or onset of pest attack. Coconut is a perennial crop and losses suffered by farmers due to damage of this crop, are material and needs to be addressed. At present, there is no insurance scheme under which coconut cultivation may be covered, since National Agricultural Insurance Scheme (NAIS) for insurance of cereals, millets, pulses, oilseeds and horticultural crops.

Coconut palms are perennial crops, but palm trees are characterized by periodic system of crop setting and outcomes and hence resemble seasonal annual crops and should, accordingly, be eligible for insurance cover. Since coconut is cultivated under rain-fed management and is susceptible to biotic and a-biotic stresses, it is necessary to minimise risk faced by coconut farmers, predominantly small and marginal, by covering coconut palms with an insurance scheme.

2. Objectives.

- i) Assist coconut growers in insuring coconut palms, against natural and other perils.
- ii) Provide timely relief to farmers, who suffer income loss due to sudden death of palms.
- iii) Minimise risk and encourage replanting and rejuvenation to make coconut farming remunerative.

3. Applicability:

The insurance scheme for insuring coconut cultivation is to be implemented on pilot basis initially and will be applicable to all healthy nut bearing coconut palms; grown as mono or intercropped; on bunds farms or homestead and to all varieties of coconut, including Tall, Dwarf and Hybrids. Since Dwarf and Hybrids begin to yield fruit from 4th year of planting, this variety of coconut palms in age range of 4-60 year will be covered under this scheme, but Tall variety coconut palms will be eligible for coverage for age range of 7-60 year. Unhealthy and senile palms will be excluded from coverage.

4. Eligibility criteria:

As per the Scheme, individual farmer / grower offering at least 10 healthy nut bearing palms for insurance in specified age group, (4-60 years for dwarf, hybrid and 7-60 years for tall) in contiguous area / plot will be eligible for insurance.

5. Scope of cover:

The scheme will cover all healthy palms within insurable age group in areas / districts selected for implementation of the scheme, on pilot basis. Partial insurance of plantation in contiguous area is not allowed. Insurance coverage is from 4th / 7th year to 60th year, and split into two age groups i.e. 4-15 years and 16-60 years, for fixing premium and sum insured.

Self declaration of age group by insured farmer / grower in insurance proposal will be acceptable. Agriculture Insurance Company of India Ltd. (AIC) may get the insured palms verified for authenticity, at any time before expiry of policy period or payment of claim. Insurance becomes void in event of wrong declaration of age or any material fact by insured, concerning insurance.

Farmers / growers desiring insurance may directly contact representatives / authorized agents of AIC or may contact nearest office of Agriculture / Horticulture Department. Premium will be paid by farmer / grower, net off premium subsidy, through cash, cheque/ bank draft, drawn in favor of Agriculture Insurance Company of India Limited.

6. Contingency insured:

This insurance policy pays for total loss of palm on account of happening of perils insured leading to death of insured palm or it's becoming unproductive. In case, death of palm is not immediate, payment of sum insured will be payable on production of certificate from Coconut Development Board (CDB) / Agriculture / Horticulture Department justifying cause for declaring palm unproductive. A palm can be declared 'unproductive' only when further growth / rejuvenation of palm is not possible after the same damaged by peril(s) insured, provided palm is removed / felled by insured. In case farmer / grower wishes to retain unproductive palm as it is (with out felling), salvage value of 50% of sum insured will be deducted from claim. In any case, loss of palm will have to be established to, occurrence of peril insured.

7. Risks covered:

The scheme covers following perils leading to death / loss of palm or palm becoming un-productive:

- i) Storm, hailstorm, cyclone typhoon, tornado, heavy rains
- ii) Flood and inundation.
- iii) Pest and diseases of widespread nature causing, irreparable damages to palm.
- iv) Accidental fire, including forest fire and bush fire, lightening
- v) Earth quake, landslide and tsunami
- vi) Severe drought and consequential total loss

8. Exclusions:

No claims shall be payable under the scheme, if palm is lost due to operation of peril insured is within 'Franchise' clause. Insurer will not be liable for any payment, under this policy, for any expenses incurred by insuree in connection with or in respect of loss other than on account of perils insured. The insurance does not cover following events, in so far as they are applicable, keeping in view scope of insurance cover :

- (a) Loss by Theft, War, Invasion, Civil war. Rebellion, Revolution, Insurrection, Mutiny, Lock out, Malicious Damage, Conspiracy, Military/Usurped power, Civil commotion, Confiscation, Requisition/destruction/damage by order of any Government de-jure / de-facto / by any public / municipal / local authority including damage due to power transmission.
- (b) Nuclear reaction, nuclear radiation or radioactive contamination.
- (c) Impact damage due to aircraft or other falling objects
- (d) Willful negligence of insured and any one acting on his behalf.
- (e) Damage caused by human, bird or any animal action.
- (f) Improper maintenance of palms.

(g) Palm becoming unhealthy & senile.

(h) Natural mortality of the palm, up-rooting of palm traceable to chiseling of roots.

(i) Loss of capital investment like land cost loss or damage to structures supporting insured palm, irrigation system, agricultural equipments or implements.

9. Sum Insured & Premium:

Insured sum will vary from Rs. 600 per palm (for 4th - 15th year age group) to Rs. 1150 per palm (for 16th to 60th year age group). Insured sum and premium payable, under Coconut Palm Insurance, under different age groups will be follows:

Coconut Palm age in years	Sum insured per palm (Rs.)	Premium per plant/ year (Rs.)	Premium per Palm (with service tax @10.30%)
4 th --- 15 th	600	4.25	4.69
16 th --- 60 th	1150	5.75	6.35

10. Premium Subsidy:

Of amount under para 9 above, 50% will be paid by Coconut Development Board (CDB) and 25% by State Government concerned and balance 25% will be paid by farmer / grower. In case, the State government does not agrees to bear 25% share of premium, farmers / growers will be required to pay 50% of premium, if interested in insurance scheme.

Premium subsidy amount (50% by CDB and 25% by participating States) will be released to AIC in advance based on estimates, which will be replenished / adjusted on quarter/year basis.

11. Insurance Term:

During pilot stage of insurance policy, annual policies only will be issued. Effort will be made to ensure that all eligible farmers / growers join the scheme by 31st March of year. However, those farmers / growers who do not join the scheme by 31st March may join the

scheme subsequently, and in which case risk is covered from 1st day of succeeding month. During subsequent years, preference will be given to farmers who have already joined the scheme and new farmers can join the scheme subject to number as will be decided by CDB, taking in to account available budget provision.

12. Waiting Period:

Loss / death of palms, within 30 days from inception of insurance, sum insured is not payable under the scheme, but this condition is not applicable in case of renewal of insurance, without time gap.

13. Franchise:

The claim is assessed only if number of palms damaged, due to perils insured are in a contiguous area is more than the palms lost as shown for different slabs:

Sl.No.	No of Insured Palms in a contiguous area	Franchise (Palms
1	10 -30	1
2	31-100	2
3	> 100	3

14. Excess:

Insured farmers / growers shall be deemed to be their own insurer for first 20% of the assessed loss and only 80% of assessed loss will be payable, under the policy.

15. States & Areas Covered:

This pilot insurance scheme will be implemented in selected districts of Andhra Pradesh, Goa, Kamataka, Kerala, Maharashtra, Orissa & Tamilnadu.

All bearing and healthy palms will be insured, in a contiguous area, by farmer / grower and every effort will be made by CDB, to get all bearing and healthy palms insured, in cluster villages of pilot district(s).

16. Issue of Insurance Policy:

Certificate of Insurance / Cover note will be issued by AIC to all individual insured farmers / growers, within 30 days from receipt of proposal, with requisite premium. AIC shall also furnish a consolidated list of insured farmers / growers district-wise to Coconut Development Board (CDB), on quarterly basis.

17. Claim assessment & settlement procedure:

Loss of insured palms will be intimated by insured to AIC within seven days from occurrence of peril, with all relevant details. Loss assessment certification is required to be furnished by Coconut Development Board (CDB) / Agriculture / Horticulture Department / State Agriculture University (SAU), as authorised by AIC for each district, justifying cause for loss of palm, within seven days from intimation of loss. AIC, at its discretion may send its representative to assess loss. jointly with agency designated to certify loss. AIC will release claim to insured farmer / grower within one month from date, all relevant certified details of claim are received in their office. Release of claim amount, however, is subject to receiving premium subsidy from both CDB and concerned State.

Insurance ceases to operate once a full claim is paid.

AIC may consider payment of service charge to Agriculture / Horticulture Department or State Agriculture University (SAU), who are involved in certification of losses at rate mutually agreed between concerned agency and AIC.

18. Monitoring Mechanism:

State level Monitoring Committee will be set-up in all implementing States, consisting of representatives of CDB, AIC and State Agriculture / Horticulture Dept, to monitor progress of pilot scheme. This Committee will meet, at least once in quarter, to review progress and make suggestions in popularising the scheme.

Annual review of scheme will be undertaken by Ministry of Agriculture (GoI) at end of 1st year with participation of implementing States, Coconut Development Board and AIC.

19. Insurance Publicity:

Participating States and CDB will make every effort to popularise their insurance scheme among farmers / growers, using extension mechanism, at their disposal. State governments

will advise all offices of Agriculture / Horticulture Department in pilot districts to create awareness about the scheme and also facilitate insurance process by providing necessary guidance to farmers / growers.

20. Physical and Financial Outlay.

Total area covered under scheme in different States in pilot programme is 184620 ha. with total financial outlay of Rs.1324.78 lakh over a period of 2 years, during XIth Plan period. Share of Board would be limited to Rs.662.39 lakh in these two years.

Physical target in ha and Financial target Rs. in lakhs.

Year	2009-10		2010-11		Total	
	<i>Phy</i>	<i>Fin</i>	<i>Phy</i>	<i>Fin</i>	<i>Phy</i>	<i>Fin</i>
Kerala	45000	322.92	45000	322.92	90000	645.84
Tamil Nadu	18500	132.76	18500	132.76	37000	265.51
Karnataka	19270	138.28	19270	138.28	38540	276.56
Andhra Pradesh	5200	37.31	5200	37.31	10400	74.62
Orissa	2540	18.22	2540	18.22	5080	36.44
Maharashtra	900	6.45	900	6.45	1800	12.90
Goa	900	6.45	900	6.45	1800	12.90
Total	92310*	662.39	92310*	662.39	184620*	1324.78

Even though, palm density per ha may be as 175 palms but eligible palms for insurance is calculated at 130 palms/ha i.e. 75 % of palm density for estimating requirements of funds for premium subsidy. It is further assumed that 50 per cent palms fall under category of 4 -15 years and 50 % in 16 - 60 years category.

21. Evaluation of the Scheme

Evaluation of performance of scheme will be undertaken in final year of XI plan and depending of this evaluation; the scheme will be considered for continuation during 12th Plan period and may be undertaken as a full fledged scheme covering other areas growing palms, which are not included in this pilot scheme.
