

# Coconut Palm Insurance Scheme

## 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. 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 minimize 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) Minimize risk and encourage replanting and rejuvenation to make coconut farming remunerative.

## 3. Applicability:

The CPIS 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 4<sup>th</sup> year of planting, this variety of coconut palms in age range of 4-60 year will be covered under the 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 5 healthy nut bearing palms for insurance in specified age group, (4-60 years for dwarf, hybrid and 7-60 years for tall) 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. 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. Insurance Company 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 Insurance Company 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 Insurance Company.

## **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 removed / 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 insure 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 morality of the palm, up-rooting of palm traceable to chiseling of roots.

**9. Sum Insured & Premium:**

Insured sum will vary from Rs.900 per palm (for 4 <sup>th</sup> – 15 <sup>th</sup> year age group) to Rs.1750 per palm (for 16 <sup>th</sup> to 60 <sup>th</sup> year.	Sum insured per palm (Rs.)	Premium per plant/year (Rs.)
4 <sup>th</sup> – 15 <sup>th</sup>	900	9.00
16 <sup>th</sup> – 60 <sup>th</sup>	1750	14.00

**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 agree to bear 25% share of premium, farmers / growers, will be required to pay 50% of premium, if interested in insurance scheme. In case some planters/growers' association wishes to bear the premium on behalf of planters/growers, such associations may do so if they have 'insurable interest'. In any case, the planters/ growers shall have to bear a minimum of 10% premium. Premium subsidy amount (50% by CDB and 25% by participating States) will be released to Insurance Company in advance based on estimates, which will be replenished / adjusted on quarter/year basis.

**11. Insurance Term:**

A policy can be issued for a maximum period of three years for which rebate in premium @7.5% for two year policy and 12.5% for three year policy will be provided to the planters/growers.

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.

**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 lost)
1	< 30	1
2	31-100	12
3	>100	3

**14. States & Areas Covered:**

This insurance scheme will be implemented in the selected districts of all the States/UTs, growing coconut palms.

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 district(s).

**15. Issue of Insurance Policy:**

Certificate of Insurance / Cover not 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.

#### **16. Claim assessment & settlement procedure:**

Loss of insured palms will be intimated by insured farmers to insurance company within 15 (fifteen) days from occurrence of peril, with all relevant details. The claims may also be intimated through concerned State Government Call Centers, until Implementing Agency (i.e. insurance company) sets up its own call centre. Loss assessment certification is required to be furnished by Coconut Development Board (CDB) / Agriculture / Horticulture Department / State Agriculture University (SAU), as authorized by insurance company for each district, justifying cause for loss of palm, within 15 days from intimation of loss. Insurance company, at its discretion may send its representative to assess loss jointly with agency designated to certify loss. Insurance company 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. Personal Accident cover for climbers registered with CDB/State government may be arranged with the public sector general insurance companies. The sum insured and premium will be negotiated depending upon the likely number of climbers to be insured.

#### **17. Monitoring Mechanism:**

State level Monitoring Committee will be set-up in all implementing States, consisting of representatives of CDB, insurance company and State Agriculture / Horticulture Dept, to monitor progress of scheme. This Committee will meet, at least once in quarter, to review progress and make suggestions in popularizing the scheme. Annual review of scheme will be undertaken by Ministry of Agriculture (GoI) with participation of implementing States, Coconut Development Board and insurance company.

#### **18. Insurance Publicity:**

Participating States and CDB will make every effort to popularize their insurance scheme among farmers / growers, using extension mechanism, at their disposal. State governments will advise all offices of Agriculture / Horticulture Department in districts to create awareness about the scheme and also facilitate insurance process by providing necessary guidance to farmers / growers.

### **National Crop Insurance Programme (NCIP) Component III: Coconut Palm Insurance Scheme (CPIS) Operational Guidelines**

1. AIC will issue a Master Policy to the Department of Agriculture, which will be followed by endorsement detailing the coverage as per the Proposal and Listing Sheet submitted from time to time, based on the individual proposal received along with premium.
2. Krishi Bhavans of Department of Agriculture will function as the Nodal Point for administering the Scheme.
3. The Growers have to enroll at respective Krishi Bhavans by submitting duly filled in proposal forms along with the requisite Premium amount.

4. Only Healthy Bearing Palms (Palms yielding more than 30 Nuts per year) are eligible to be covered under the Scheme
5. All Healthy Bearing Palms in a contiguous area has to be insured by the Grower /farmer in full. In other words partial insurance of a Coconut Plantation is not allowed.
6. The Agriculture Officer of the implementing Krishi Bhavans will assist the farmers in the proper filling up of the proposals and arriving at the correct premium. Upon receipt of the duly filled in and signed proposals from the farmers, the Agriculture Officer will scrutinize the same & issue a duly signed and stamped Acknowledgement-cum-Receipt to the farmer after proper verification of Proposal Forms.
7. The farmer has to retain this document as a proof of insurance under this Scheme during, the entire Policy period and shall quote his Acknowledgement-cum- Receipt number in all his further correspondences.
8. The Agriculture Officer shall consolidate the Proposals into a Listing Sheet (in duplicate) and submit the original signed copy to the Regional Office of AIC on a Monthly basis (not later than 5th of the following month) along with all the proposals and a consolidated cheque /DD favoring Agriculture Insurance Company of India Ltd
9. The Agriculture Officer shall exercise utmost care in ensuring that all the proposals along with the prescribed premium collected at Krishi Bhavans are forwarded without any omission, elapse. In the event of non-remittance of collected proposals and premiums to AIC on time, AIC will not be, in a position to accept as due claim liability if any, arising out of such proposals and premiums collected by the Officer but not received by AIC.
10. Upon receipt of the Listing Sheet along with relevant Proposals & Premium Instrument, AIC will scrutinize the same and Excess Premium if any will be refunded back and in the case of Premium Shortage if any, it has to be recovered by the Agriculture Officer from the concerned party upon intimation from AIC. AIC will assume risk in respect of such proposals only upon receipt of the full premium.
11. During the Policy Period in the event of occurrence of insured perils leading to Total Loss of the insured palms, the insured shall give due intimation to the concerned Agriculture Officer as well as AIC's Regional Offices immediately and have to submit the duly filled in claim form to the Krishi Bhavan not later than 15 days from the date of loss.
12. Agricultural Officer will verify the loss and certify its admissibility upon inspection. The duly certified claim form needs to be forwarded to AIC within 15 days from the receipt of claim intimation. Wherever required AIC may depute professional loss assessors/AIC's Officials at its discretion for loss inspection.
13. Upon receipt of claim form with loss assessment certification from the Agriculture Officer, AIC will process the claim and shall remit the admissible claim amount to the insured at the insured's address by way of cheque/DD subject to receipt of full premium (including subsidy portion).
14. AIC will provide necessary training to the Officials in the concerned districts and provide necessary forms and publicity materials.
15. AIC will endeavor to settle all the admissible claims within one month from receipt of completed claim documents from the Agriculture Officer.
16. Department of Agriculture, State Govt. shall release its budgeted share of Agriculture Premium subsidy in advance to AIC for implementing the Scheme.

17. AIC shall give quarterly Utilization Status Report of the fund received towards subsidy to Coconut Development Board.
18. The Coconut Development Board apart from advance release its share of Premium Subsidy, shall give due publicity to the scheme
19. CDB shall facilitate enrolment of farmers in the Clusters/ CPS registered with the Board.
20. The Department of Agriculture shall popularize the Scheme through its extension machinery including its Mass Media Wing.
21. It may be noted that at least 16.2 % plan allocation be earmarked for SC and ST farmers/ beneficiaries under scheduled castes special Plan (SCSP) and Tribal Sub Plan (TSP) as per directives of Planning Commission. It may also be noted that at least 30% of budget allocations are earmarked for women beneficiaries/ farmers and this may also be intimated to the Central Government in the Monthly Progress report.
22. A MoU has to be signed among AIC, Department of Agriculture /Horticulture of State Govt.(s) and Coconut Development Board highlighting the responsibilities/obligations of each stakeholders.