



Coconut Palm Insurance Scheme in 'Nutshell'

India has a tradition of over 3000 years' of coconut cultivation. With the production of 15 billion nuts per annum, coconut palm is now cultivated in 18 States and 3 Union Territories under different agro-climatic conditions. It has inseparable relationship, either directly or through its by-products, with almost every household in India.

Coconut palms are perennial, but they have periodic system of crop setting and produce output and hence, resemble to seasonal/annual crops and are eligible for insurance cover. Coconut is cultivated under rain-fed management and susceptible to biotic and a-biotic stresses. Its cultivation is fraught with risks from climatic changes, natural disasters, pests and diseases etc. and, at times, the entire coconut plantation of a region gets wiped out due to natural calamity or outbreak of pests. Since it is a perennial crop, losses suffered by farmers are significant and permanent. It is necessary to minimize the risk faced by coconut farmers, particularly, small and marginal, by covering coconut-palms with some suitable insurance scheme. The existing National Agricultural Insurance

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Scheme (NAIS) meant only for seasonal and annual crops has no provision to cover coconut-palms and thus, the Coconut Palm Insurance Scheme, with support from Coconut Development Board (CDB), has been designed and introduced on pilot basis by Agriculture Insurance Company of India Ltd (AIC) with the following objectives:

1. Assist coconut growers in insuring their coconut-palms, against natural and other perils;
2. Provide timely relief to farmers suffering income loss due to sudden death of palms;
3. Minimize risk and encourage replanting and rejuvenation to make coconut farming remunerative.

This insurance scheme is applicable to all healthy nut-bearing coconut palms grown as mono or mixcropped; on bunds, farms or homestead, for different varieties of coconut-palms, including Tall, Dwarf and Hybrid. Since Dwarf and Hybrid begin to yield fruit from 4th year of planting, these varieties in the age-range of 4-60 years are covered under this scheme, but Tall variety shall be eligible for coverage in the age-range of 7-60 years. Unhealthy and senile palms are excluded from coverage.

Under the scheme, an 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 is eligible for insurance. All healthy palms within the insurable age group in areas / districts selected for implementation of the scheme are covered on pilot basis. Self-declaration of age-group by the insured farmer / grower in insurance proposal is also accepted. AIC may get the insured palms verified for authenticity at any time before expiry of policy-period or before payment of claim. Insurance becomes void in the event of wrong declaration of age or any other material fact by the insured.

Insured sum shall vary from Rs. 600 per palm to Rs. 1,150 per palm for two different age groups. Coconut Development Board (CDB) pays 50% and State Government concerned pays 25% and only the balance 25% of premium is paid by the 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 this insurance scheme.

During the pilot stage, only annual policies are issued to ensure that all eligible farmers / growers join the scheme by 31st March of the year. However, those farmers / growers who had not joined the scheme by 31st March may join the scheme subsequently, in which case the risk is covered from 1st day of the succeeding month. During subsequent years, preference is given to farmers who have already joined the scheme.

As a pilot insurance scheme, it has been implemented in certain selected districts of Andhra Pradesh, Goa, Kamataka, Kerala, Maharashtra, Orissa & Tamilnadu, and all nut-bearing and healthy palms in a contiguous area owned by farmer / grower will be insured. CDB is taking all efforts to get all nut bearing and healthy palms insured, in cluster villages of pilot district(s). The total area eligible for cover under the scheme in different States in pilot programme is 184,620 ha. Even though palm density per hectare may be as high as 175 palms, eligibility for insurance is calculated at 130 palms/hectare i.e. 75 % of palm density for estimating requirements of funds for premium subsidy. Further, it is assumed that 50 per cent palms fall under category of 4 -15 years and 50 per cent in 16 - 60 years category.

The waiting period in case of CPIS for loss / death of palms is applicable as in any other insurance. Under the scheme, any loss/death of palms within 30 days from inception of insurance, no claim is payable, but this condition is not applicable in case of renewal of insurance without any time-gap. Loss of insured-palms has to be intimated by the insured to AIC within seven days from the occurrence of the insured peril with all relevant details as stated in the scheme documents.

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

A State level Monitoring Committee has been set-up in all the implementing states, consisting of representatives of CDB, AIC and State Agriculture/Horticulture Dept. to monitor, review progress and make suggestions for popularizing the scheme. Evaluation of performance of the scheme will be undertaken in the final year of the XI Plan period and depending thereon the scheme may be considered for continuation during XII Plan period as a full fledged scheme covering other areas growing palms that are not included in this pilot scheme.

Coconut-palm is also being recognized as a source of potential renewable energy. Varieties of coconut products are manufactured in the country which have both domestic and export market. Large number of farmers' co-operative societies engaged in primary processing and marketing are showing interest in promoting coconut. Introduction of Coconut Palm Insurance is an added advantage for the development of coconut, which the coconut growers may avail and derive the fruits.