

# Coconut Palm Insurance for minimizing the risk in coconut farming

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India ranks first in world production of coconuts. As per the latest statistics available, coconut is cultivated in 21.37 lakh hectares in India. Coconut, a perennial crop starts yielding from four to seven years from planting. Known as 'Kalpavrisaksha', with an average life span of more than sixty years, coconut palm is a long term asset to farmers. Even though the palms are well cared and maintained, the crop is subjected to risk from natural disasters, climatic changes, pest/diseases which are beyond the control of coconut farmers. Fraction of a minute is hardly enough to wipe out the entire crop in an area as a result of perils such as cyclone, flood, severe attack of pest and diseases of widespread nature causing irreparable damage to palms which in turn result in heavy financial loss to farmers.

The tragic scenes caused by the 'Hud Hud cyclone' which lashed the coastal districts of Andhra Pradesh

and Odisha still remains vibrant in our minds. Srikakulam district in Andhra Pradesh and Ganjam district in Odisha, ravaged by the fury of cyclone' last month has been reduced to rubble and debris. Thousands of coconut palms were uprooted and healthy crowns were severally damaged. 'The Thane cyclone', which lashed in 2011 also caused severe damage to coconut gardens in Tamil nadu. Large number of palms were completely destroyed due to severe drought in Karnataka during 2012. Though coconut is perennial in nature, palms are characterized by periodic systems of crop setting and hence resemble seasonal annual crops and should accordingly be eligible for insurance cover. Since coconut is cultivated mainly under rainfed conditions and is susceptible to biotic stresses, it is necessary to minimize risks faced by farmers, predominantly small and marginal, by covering palms under an insurance scheme.

The Coconut Palm Insurance Scheme (CPIS), which is the third component listed under National Crop Insurance Programme (NCIP), of Government of India, is implemented by Coconut Development Board. Other agencies involved are the respective State Governments and Agriculture Insurance Company.

## Objectives

The objectives of the scheme are; to assist coconut farmers in insuring coconut palms against natural and other perils, provide timely relief to farmers who suffer income loss due to sudden death of palms and to minimize the risk and encourage replanting and rejuvenation in coconut thus making coconut cultivation remunerative.

## Eligibility

All farmers having a minimum of five healthy bearing palms under the age group of 4-60 years (for dwarf/hybrids) and 7-60 years (for tall), in a contiguous area are eligible for insurance under this scheme.

## Scope of Cover

The scheme will cover all healthy palms within insurable age group in areas/districts selected for implementation. Partial insurance of palms in a contiguous area is not permitted. Coverage of insurance is from fourth/seventh years to sixty years as the age of palms may be, and is split into two age groups of 4-15 years and 16-60 years, for fixing premium and sum insured. As far as the age of the palms are concerned, self declaration by the farmer is sufficient. Senile and unproductive





**Sum insured and Premium**

Age group (years)	Sum insured per palm (₹)	Premium per palm (₹)
4-15	9,00/-	9/-
16-60	1,750/-	14/-

palms are not covered for insurance under this scheme.

Out of the premium, 50% will be paid by the Board and 25% by the concerned State Governments. The remaining 25% only has to be borne by the farmers. In case, the State Governments are not taking the share of premium, insurance can be taken by the farmer by contributing 50% of the total premium. In case, if any Planters/Growers Associations wish to bear the premium on behalf of planters/growers, such associations can do so. In any case, the farmer has to bear a minimum of 10% of the premium. Farmers desiring insurance can directly contact Agriculture Insurance Company or through their representatives/authorised agents. Farmers may also contact the nearest office of Agriculture/Horticulture department. Premium and net off subsidy, have to be paid by the farmer through cash, cheque or demand draft drawn in favour of the Insurance Company.

**Risk Covered**

Following perils leading to death/loss of palms or palms becoming unproductive are covered under the scheme.

- ♦ Storm, Hailstorm, Cyclone Typhoon, Tornado, Heavy rains

- ♦ Flood and inundation
- ♦ Pest and disease of widespread nature causing irreparable damages to palms
- ♦ Accidental fire including forest fire and bush fire, lightning
- ♦ Earth quake, land slide and tsunami
- ♦ Severe drought and consequential total loss

**Compensation under the Policy**

An amount of Rs.900/- and Rs.1,750/- is the compensation paid for palms lost due to perils detailed above, in the age group of 4-15 years and 16-60 years respectively. Loss/death of palms after thirty days from inception of insurance only will be eligible for compensation. However, this condition is not applicable, if the insurance is renewed in time.

**Insurance Term**

Policy can be issued for a maximum period of three years. For a two year policy, a rebate of 7.5% in premium will be provided to farmers, whereas the rebate for three year policy is 12.5%. This means that the premium to be paid by the farmers for a three year policy is six rupees per palm in the age group of 4-15 years and nine rupees per palm in the age group of 16-60 years.

**Claim Settlement and Settlement Procedure**

Loss of insured palms has to be intimated by the farmer to the Insurance Company within 15 days from the occurrence of peril, with all relevant details. The claims can also be intimated through concerned State Government Call Centres, till such time the Insurance Company sets up it's own call Centres. Loss Assessment Certificates will be furnished by Coconut Development Board/Agriculture or Horticulture Department/State Agriculture University, as authorized by the Insurance Company for each district. Company will release the claims to insured farmer within 30 days of submitting all relevant certified details of the claim. CPIS is implemented in all coconut growing States/UTs.

A high yielding coconut palm is the result of hard work and proper care from farmer over a long period of time. It is not proper to measure loss due to complete loss of the palms because of natural and other perils all on a sudden in terms of money alone. Anyhow, compensation surely will be a supportive measure for the farmer to a certain extent. Now a days, flood, severe drought, cyclone are occurring in frequent intervals. Hence it has become the need of the hour for the farmers to insure their palms.