

An Active Promotion of Crop Natural Disaster Insurance by Council of Agriculture for Shifting Farmers' Operation Risks

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Taiwan's Council of Agriculture (COA) recently launched a trial of the crop natural disaster insurance specifically for top-grafting sand pears in 2015. The purpose of the file of "Subsidy Trial Act of Crop Natural Disaster Insurance" will provide partial insurance fee for trial-participating farmers in order to promote an operational risk shifting for farmers.

Currently, the insurance policies developed by the non-life insurance companies for top-grafting sand pears are under approval by the Financial Supervisory Commission. The crop natural disaster insurance will be launched after approval. During the trial period, the dual system of natural disaster relief and natural disaster insurance is applied.

COA emphasized that because of the special location of Taiwan, it is hard to spread the risks among varieties of crops with a concentration of geographic area and seasonality. In fact, it is difficult to initiate the crop natural disaster insurance.

However, COA still continues to promote the insurance. The trial launch of top-grafting sand pears in 2015 mainly divides the insurance into two types: insurance re-claim based on real loss, and aid-peg with government relief. The purpose is to reduce the loss amount suffered by the farmer through an insurance compensation.

COA demonstrated that the selection criteria of insurance would prioritize on a high-economic value or a scaled crop farming size, such as top-grafting sand pear, mango, persimmon, grape, papaya, Tankan, pomelo, sugar-apple, wax-apple, and rice. COA already noticed the Non-Life Insurance Association of the R.O.C. to encourage the development of the crop natural disaster policies.

In addition to the trial policy for top-grafting sand pears this year, there are some non-life insurance companies showing their special interests for mango and rice. COA already provided the related statistics about the crop production cost, technical information, disaster loss data, and related research report for non-life insurance companies as references. It is sure that COA also expected other non-life insurance companies to develop other insurance polices for various crops.

COA explained that the recent worldwide extreme weather caused a higher risk in agricultural production. The government will encourage farmers to buy the crop natural disaster insurance through some form of subsidy. The insurance will repay upon the situation of natural disaster damage loss for farmers to manage their agricultural operation risks.

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