CLAIM ADJUSTMENTS IN KOREA’S CROP INSURANCE

HYUNSUNG YOON
NongHyup Property & Casualty Insurance Co., Ltd
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02. Claim Adjustment System
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   2-3. Operation

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   3-1. Named Peril
   3-2. Multi - Peril
   3-3. Rice

04. Conclusion
INTRODUCTION
# Overview of Korea Crop Insurance

## History

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>• Preparation to Introduce Crop Insurance</td>
</tr>
</tbody>
</table>
| 2001 | • Legislation of the Crop Disaster Insurance Act  
      | • Pilot program for Apple and Pear |
| 2002 | • Pilot program for Peach, Grape, Sweet Persimmon and Tangerine |
| 2005 | • Introducing Government Reinsurance System |
| 2006 | • Pilot program for Astringent Persimmon |
| 2016 | • 50 Items covered |
Overview of Korea Crop Insurance

Crops

YEARS

ITEMS

2 Items

50 Items

0

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16
## Overview of Korea Crop Insurance

### Crops

<table>
<thead>
<tr>
<th>Class</th>
<th>Named Peril</th>
<th>Multi - Peril</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured Crop</td>
<td>Apple, Pear, Tangerine, Sweet Persimmon, Astringent Persimmon</td>
<td>Rice, Grape, Peach, Plum, Kiwi, Chestnut, Soybean, Potato, Onion, Tea, etc</td>
</tr>
<tr>
<td>Covered Perils</td>
<td>Typhoon, Strong Wind, Hail, Frost and Freezing, Excessive Rain</td>
<td>Typhoon, Hail, Frost and Freezing, Intense Rain, Drought, Cold Weather, Sea Water, Snow and Damages caused by natural phenomena</td>
</tr>
</tbody>
</table>

- **Named Peril**: only provides coverage on loss from the disaster named on the policy
- **Multi - Peril**: provides coverage on loss from all disaster except for the one named on the policy
Claim Adjustment System

02
2-1. Organization

**ROLE**
- Payment Process
- Assigning
- Training
- Managing
- Loss Adjusters

**Claim Department**

**ROLE**
- Support
- Loss Assessment
- Educating

**16 Local Headquarters**
## 2-2. Human Resources

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>%</th>
<th>Claim</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmer Adjusters</td>
<td>13,444</td>
<td>93.9</td>
<td>80,000</td>
<td>59.6</td>
</tr>
<tr>
<td>Corp Adjusters</td>
<td>300</td>
<td>2.1</td>
<td>50,000</td>
<td>37.3</td>
</tr>
<tr>
<td>Association Adjusters</td>
<td>577</td>
<td>4.0</td>
<td>4,200</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,321</td>
<td>100.0</td>
<td>134,200</td>
<td>100.0</td>
</tr>
</tbody>
</table>
2-2. Human Resources

Farmer

<table>
<thead>
<tr>
<th>Role</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior</td>
<td>294</td>
<td>2.2</td>
</tr>
<tr>
<td>Farmer</td>
<td>12,757</td>
<td>94.9</td>
</tr>
<tr>
<td>Supporter</td>
<td>393</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>13,444</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

- **Senior**: Leading Loss Assessment Team
- **Farmer**: Main Role of Loss Assessment
- **Supporter**: Supporting Loss Adjusters
2-2. Human Resources

- Over 30 corporations under contract.
- Full charge of professional claim
  - Agricultural facility, Green House.
- Regular training
2-2. Human Resources

Association

The Korea Association of Agricultural & Fishery Insurance on Natural Disaster

- Founded in 2012
- Field Assessments on All crops
- 577 people as of DEC. 2015
2-3. Operation

Contractor ➔ Report ➔ Assigning ➔ Assessment ➔ Report ➔ Review ➔ Payment
Examples

03
3-1. Named Peril

<table>
<thead>
<tr>
<th>Class</th>
<th>Named Peril</th>
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</thead>
<tbody>
<tr>
<td>Insured Crop</td>
<td>Apple, Pear, Tangerine, Sweet Persimmon, Astringent Persimmon</td>
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</table>

Thin out: reduce the superfluous fruits

[Before] Spring frost<br>Hail<br>Typhoon<br>Gale

[After] Fall frost<br>Hail<br>Typhoon<br>Gale
3-1. Named Peril

[Loss Assessment] – Typhoon, Gale, Strong Wind

Period: from March to Termination
Disaster: Typhoon, Gale, Strong Wind
Strength of the wind: 14m/s
Loss Assessment: Count the fallen fruits

It covers the decreased number of fruits
3-1. Named Peril

[Process]
- Visit the damaged farm
- Count the fallen fruits
- Select 100 sample fruits
- Categorize 100%, 80%, 50%, Non-damaged
- Multiply categorized ratio by all fallen fruits

Examples
3-1. Named Peril

[Loss Assessment] – Spring Frost

Period: from March to
Before Thinning Out
Disaster: Spring Frost
Objective: on a Flower or Flower bud

It covers the decreased number of fruits
3-1. Named Peril

[Process]
- Visit the damaged farm
- Select the sample three tree
- Investigate the frost damage
- Consider the decreased number as the loss
3-1. Named Peril

[Loss Assessment] – Hail

Period: from March to Termination
Disaster: Hail
Objective: Fruits
Loss Assessment: Before Thinning Out and Before Harvest

It covers the decreased number of fruits
3-1. Named Peril

[Process]

1. Before thinning out
   • Visit the damaged farm
   • Select the sample tree
   • Investigate the hail damage
   • Consider the decreased number as the loss

2. Before harvest
   • Visit the damaged farm
   • Select the sample three tree
   • Take all fruits out
   • Categorize 100%, 80%, 50%, Non-damaged
   • Multiply categorized ratio by all fallen fruits

Examples
3-2. Multi - Peril

<table>
<thead>
<tr>
<th>Class</th>
<th>Multi - Peril</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured Crop</td>
<td>Grape, Peach, Plum, Kiwi, Chestnut, Soybean, Potato, Onion, Tea, etc</td>
</tr>
<tr>
<td>Covered Perils</td>
<td>Typhoon, Hail, Frost and Freezing, Intense Rain, Drought, Cold Weather, Sea Water, Snow and Damages caused by natural phenomena</td>
</tr>
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</table>

It covers the decreased yield

Examples
3-2. Multi - Peril

[Loss Assessment] – All disaster

- Period: from Beginning to Termination
- Disaster: All disaster
- Except for damage by disease and insects
- Loss Assessment: Check the type of disaster

It covers the decreased yield
3-2. Multi - Peril

Examples

**Process**
- Visit the damaged farm
- Check the type of disaster
- Before harvest, measure the weight
- Calculate the decreased weight
### 3-3. Rice

<table>
<thead>
<tr>
<th>Rice</th>
<th>Multi - Peril</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered Perils</td>
<td>Typhoon, Hail, Frost and Freezing, Intense Rain,</td>
</tr>
<tr>
<td></td>
<td>Drought, Cold Weather, Sea Water, Snow and</td>
</tr>
<tr>
<td></td>
<td>Damages caused by natural phenomena</td>
</tr>
<tr>
<td>Cover Types</td>
<td>Prevented-Planting, Re-Planting, Unproductive,</td>
</tr>
<tr>
<td></td>
<td>Decreased Yield</td>
</tr>
</tbody>
</table>

- It covers the decreased yield
- It also covers the disease and insects
Examples

3-3. Rice

[Prevented – Planting Case]

• Cannot planting due to disaster
• Check the types of the disaster
• 10% of the amount insured
• Mostly, draught
3-3. Rice

Examples

[Decreased Yield Case]
- Visit the damaged area
- Check the types of the disaster
- Calculate the decreased yield
- Mostly, draught
CONCLUSION

04
CONCLUSION

For Farm Households

- Crops – Expand
- Deductible – Lower
- Period – Extend
- Region - Expand
CONCLUSION

For Loss Adjustment System

Stability
Regular Training
Making Manuel Book
Providing Adjusting Equipment

Promptness
In the event of huge disaster
Task Force Team
Assigning loss adjusters

Accuracy
Drone
Re-investigating
THANK YOU