

# Agriculture Insurance Company of India (AIC)

## Varsha Bima

Sixty five percent of Indian agriculture is heavily dependent on natural factors, particularly rainfall. Studies have established that rainfall variations account for more than 50% of variability in crop yields

## Scope of Scheme

Varsha Bima covers anticipated shortfall in crop yield on account of deficit rainfall. Varsha Bima is voluntary for all classes of cultivators who stand to lose financially upon adverse incidence of rainfall can take insurance under the scheme. Initially Varsha Bima is meant for cultivators for whom National Agricultural Insurance Scheme (NAIS) is voluntary.

## Period of Insurance

The insurance operates during June to September for short duration crops; June to October for medium duration crops; and June to November for longer duration crops. Further, these periods are state-specific. In case of Sowing Failure option is from 15th June to 15th August.

**Proposal forms** are available at all the loan disbursing outlets viz PACs branches of all Cooperative/ Commercial/ Rural banks. The coverage under Varsha Bima at the grass-root level shall be made mostly through the existing network of Rural Finance Institutions (RFIs) as in NAIS, particularly Cooperative Sector Institutions. AIC shall also directly market / provide insurance subject to the availability of its network. The network of formal and informal institutions working in the rural areas, such as NGOs, Self Help Groups (SHGs), Farmers Groups could also be utilized for delivery of Varsha Bima. The cultivators proposed for insurance under Varsha Bima is required to have a Bank Account at the RFI Branch, which will facilitate his / her insurance transactions.

## Proposal Format

### Agriculture Insurance Company of India Ltd.

Coverage Options

#### Options - I: Seasonal Rainfall Insurance

Coverage is against negative deviation of 20% and beyond in Actual Rainfall (in mm) from Normal Rainfall (in mm) for the entire season. Actual Rainfall is the monthly cumulative rainfall from June to November (with June to September or October for short & medium duration crops). The pay-out structure is designed in such a way that the yield is correlated to various ranges of adverse deviation in rainfall. The sum insured per hectare is the maximum pay-out corresponding to the maximum potential loss. The claim pay-out shall be on a graded scale (in slabs), corresponding to different degrees of adverse deviation in Actual Rainfall.

#### Options - II: Rainfall Distribution Index

Coverage is against adverse deviation of 20% and beyond in Actual Rainfall Index from Normal Rainfall Index for the entire season. The index is constructed to maximize the correlation, for weekly rainfall within the season. The indices vary from IMD station to station and crop to crop. The sum insured per hectare is the maximum pay-out corresponding to the maximum potential loss. The claim pay-out shall be on a graded scale (in slabs), corresponding to different degrees of adverse deviation in Actual Rainfall Index.

### **Options - III: Sowing Failure**

Coverage is against adverse deviation in Actual Rainfall (in mm) from Normal Rainfall (in mm) beyond 40% between 15th June and 15th August. The sum insured per hectare is the maximum input cost incurred by the cultivator till the end of the sowing period, and is pre-specified. The claim pay-out shall be on a graded scale, corresponding to different degrees of rainfall deviation. The maximum pay-out of 100% of sum insured is available at deviations of 80% & above.

### **Options - IV: Vegetative Phase**

Coverage is against adverse deviation in Actual Rainfall (in mm) from Normal Rainfall (in mm) beyond 20% between 1st August/16th August and 30th September/31st October to 30th November. The sum insured per hectare is the maximum pay-out corresponding to the maximum potential loss. The claim pay-out shall be on a graded scale, corresponding to different degrees of rainfall deviation. The maximum pay-out of 100% of sum insured is available at deviations of 80% & above

### **Sum Insured**

Sum Insured is pre-specified and normally is between cost of production and value of production. In case of Sowing Failure option, it is the maximum input cost incurred by the cultivator till the end of the sowing period, which again is pre-specified.

### **Premium**

Premium may vary from option to option and crop to crop. The premium rates have been optimized vis-a-vis benefits, and starts from 1%.

### **Time Schedule and Procedure of Claim Payment**

The procedure for working out Claims is automated i.e., there shall be no necessity for submission of loss information or Claims intimation by insured cultivator. Normally Claims are paid on the basis of Actual Rainfall data within a month from end of Indemnity period.

### **For More Details Contact:**

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