

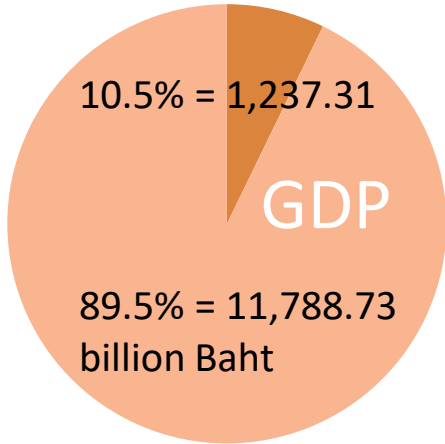


Country experience:

Thailand

How natural disasters affect Thai rice farmers

■ Agriculture
 ■ Non-Agriculture

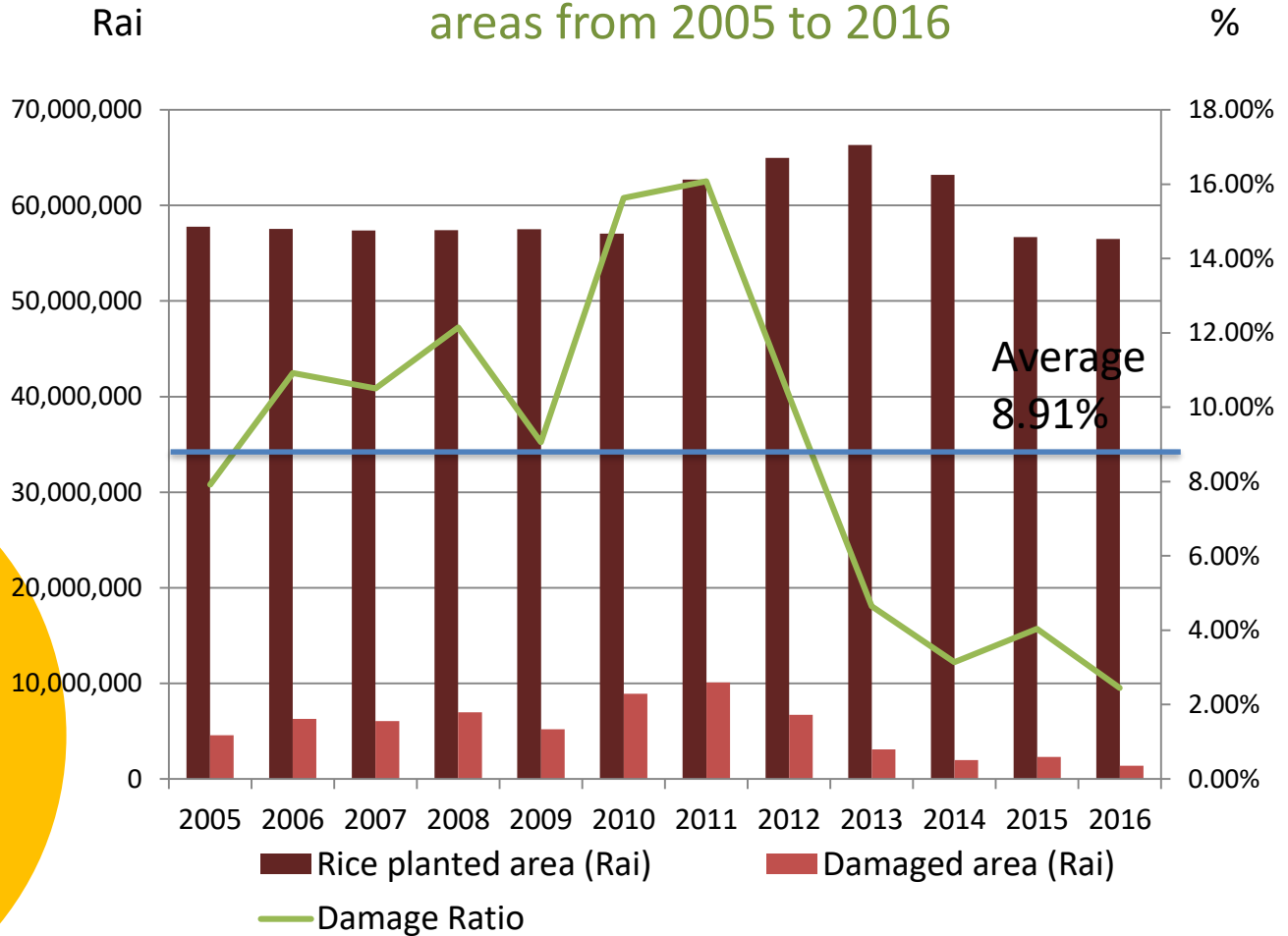


Total population
65.73 million

Farmers
14.10 million

Rice farmers
7.71 million

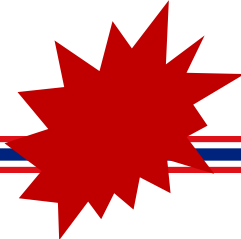
Rice planted areas and rice damaged areas from 2005 to 2016



Disaster assistance for farmers

Pre-event

Post-event



2 The National Rice Insurance Scheme



Insurance premium subsidies

3 Zoning

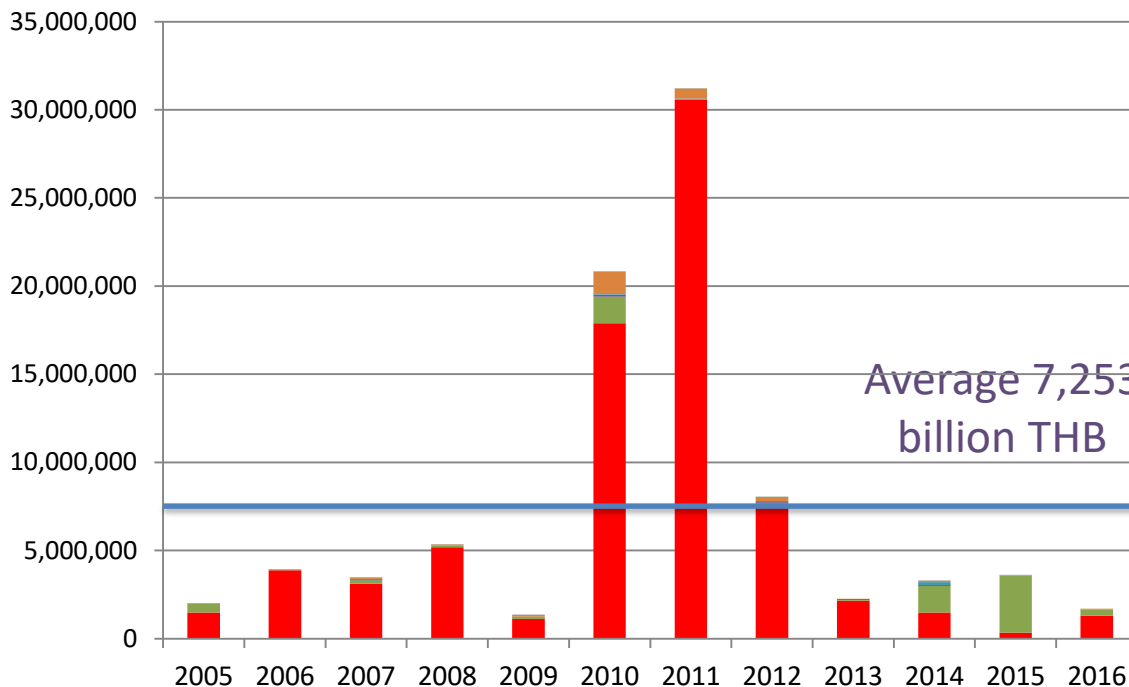
Budget for the Government Disaster Relief Scheme



1 Government Disaster Relief Scheme

1,113 THB per rai for rice

Thousand THB



4 Ad-hoc financial assistance

National Rice Insurance Scheme

Purposes

1

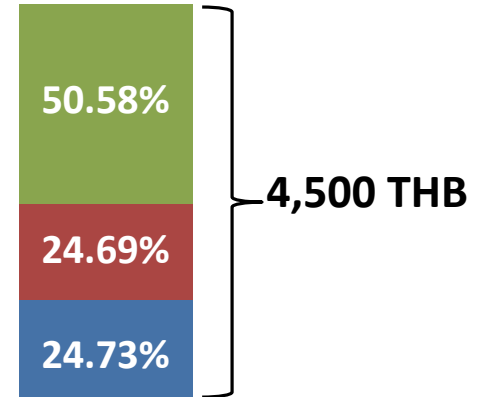
A tool for farmers to manage natural disaster risks Average cost of production per Rai

2

Top-up payment to the disaster relief scheme already operated by the Thai government

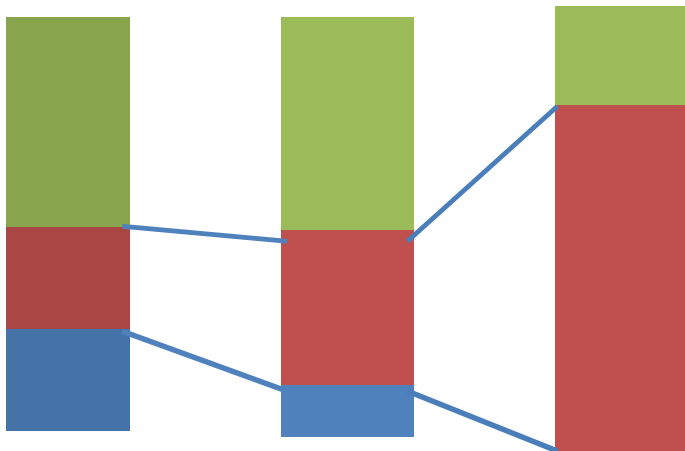
National Rice Insurance scheme → **1,111 THB**

Disaster relief scheme → **1,113 THB**



3

Better Management of the government budget



Decrease payment from the relief scheme but increase insurance coverage

Stakeholders



Fiscal Policy Office (FPO), Ministry of Finance

Policy design



Department of Agricultural Extension (DOAE), Ministry of Agriculture and Cooperatives

Farmer Registration and national loss adjustor



Bank of Agriculture and Agricultural Cooperatives (BAAC)

Rice insurance sale



Office of Insurance Commission (OIC)

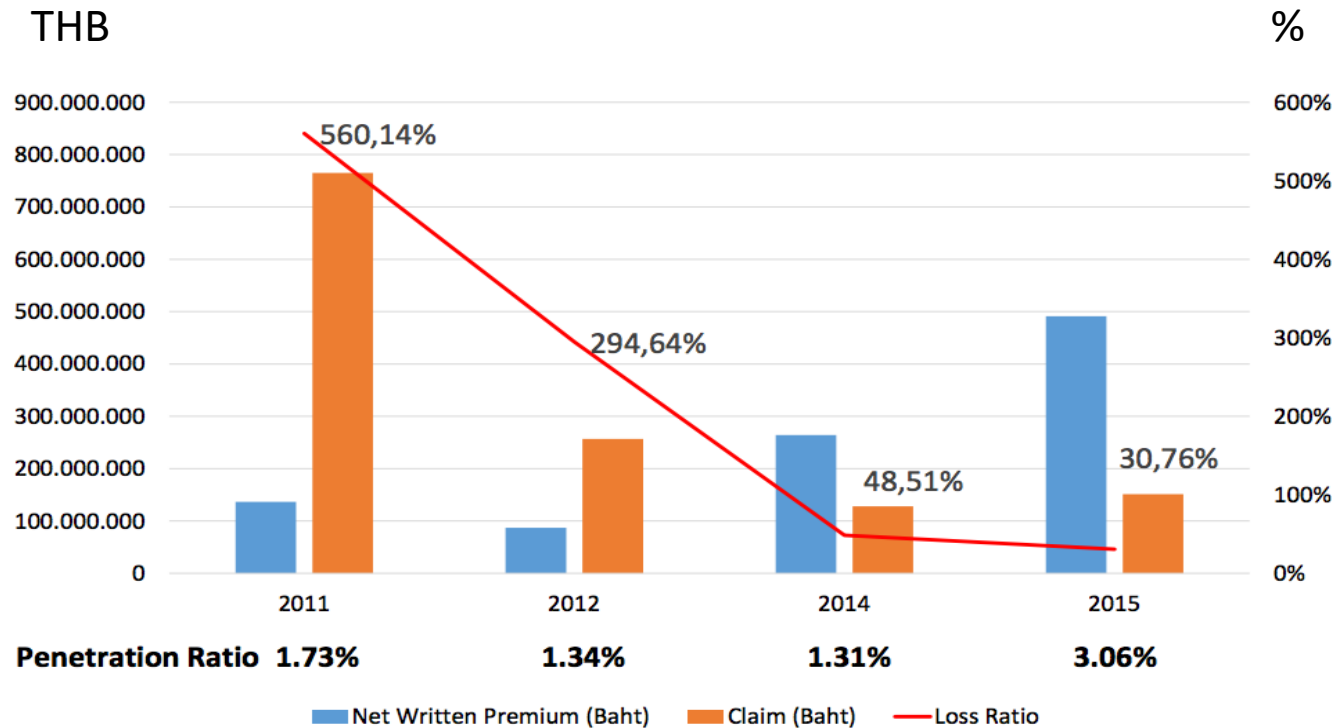
Rice Insurance Policy Issuance



Thai General Insurance Association (TGIA)

Administration on the behalf of the local insurers

National Rice Insurance Scheme from 2011 - 2015



Source: Thai General Insurance Association

Insured areas
(million Rai)

1.06



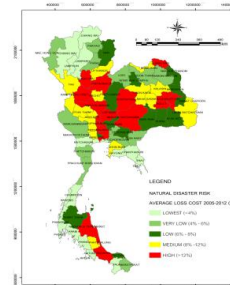
Thailand's
great flood

0.87



National Catastrophe
Insurance Fund

0.83



Divided areas
into 5 risk zones

1.51



The 2016 National Rice Insurance Scheme's features

Insured Perils

Flood or excessive rain, drought, frost, windstorm/typhoon, fire, hail, and damage by Pests and Diseases.

Target Areas

Rice planted area in every province 30 million rai

Trigger

declared as a disaster area by the local government and declared a total loss under the loss assessment procedures for the disaster relief program

Premium

100 THB per rai (excluding VAT and revenue stamp) with the government subsidy of 60 THB per rai and the BAAC's additional subsidy for their loan customers of 40 THB per rai

Insurance Instrument

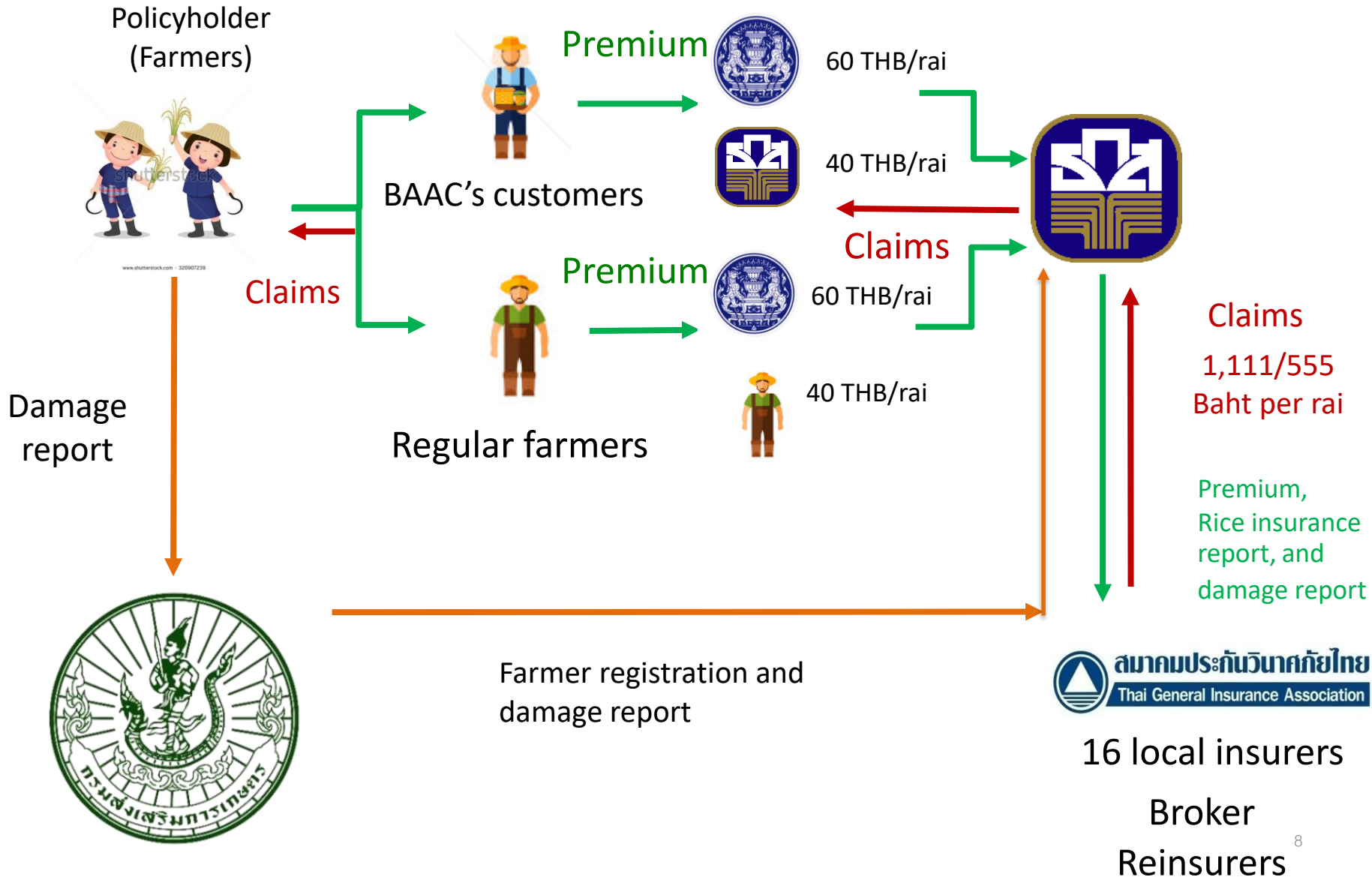
Indemnity-based insurance

Sum insured

1,111 THB per rai for the first 6 perils and 555 THB per rai for Pests and Diseases

★ As of 15 Dec 2016, the no. of farmers in the scheme is 1.57 million people with the total rice planted areas of 27.18 million rai

How the 2016 scheme works



Strengths

1. Important government policy
2. Majority of the farmers is BAAC's clients
3. Covers all the natural hazards, and half of the total rice planted areas
4. Farmers pay only a part of the premium

Weaknesses

1. Inefficient data management
2. Low coverage
3. The claim trigger dependent on the declaration as a disaster area by the local government
4. Low risk capacity for local companies

Opportunities

1. Large rice planted area
2. Better government's budget management
3. The increase in frequency and severity of natural disaster
4. Interests from international organizations

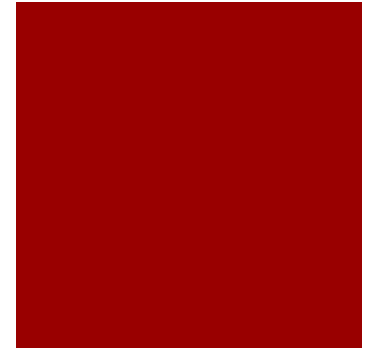
Threats

1. Farmer's limited insurance knowledge
2. Anti-Selection problems
3. Inconsistency of the product features
4. Zoning is not fully implemented
5. Long time to develop better loss assessment

SWOT Analysis

Way Forward

- Use Index (Weather/Area Yield) and technology such as Remote sensing/satellites, mobile phone distribution etc.
- Provide more trainings and knowledge on crop insurance to farmers
- Reduce government's intervention so as to reduce market distortion
- Use insurance mechanism to substitute the disaster relief scheme



Thank you

APPENDIX

The 2016 National Rice Insurance Scheme

Topic	Details
Cabinet's approval date	21 st June 2016
Policyholder	All farmers
Target areas	30 million rai
Insurer	16 Local insurers
Insurable Crops	In-season rice planted within the contract period.
Expiry	At harvest
Eligibility	Farmers must register with the Department of Agricultural Extension, which must be completed for each crop in each season, and have a bank account with the BAAC



The 2016 National Rice Insurance Scheme

Topic	Details
Insured Perils	Flood or excessive rain, drought, frost, windstorm/typhoon, fire, hail, and damage by Pests and Diseases.
Premium Rate	100 Baht per rai (Excluding VAT and revenue stamp)
Premium subsidy	<ul style="list-style-type: none">• The government will subsidize the premium by 60 Baht per rai• If the farmers is BAAC's loan customers, the BAAC will pay the rest of 40 Baht per rai. (FREE for their customers) Otherwise, the farmers will pay this part.



The 2016 National Rice Insurance Scheme

Topic	Details
Sum insured per rai	A fixed sum insured of 1,111 Baht per rai applies for losses due to all insured perils other than damage by Pests and Diseases. For Pests and Diseases, a sum insured is 555 Baht per rai
Trigger for claims	The farm must lie within an areas declared as a disaster area by the local government and the entire farm or the proportion of it must be declared a total loss under the loss assessment procedures for the disaster relief program
Sales cut off	<u>For all areas except Southern areas</u> Regular Farmers : Till August 15 th , 2016 BAAC's customers: Till August 30 th , 2016 <u>For Southern areas Till December 15th,2016</u>



The 2016 National Rice Insurance Scheme

Topic	Details
Delay Period	As floods and some other perils can become predictable, a delay period of 7 days from the time of the farmer signing the insurance contract applies.
Exclusion	<ul style="list-style-type: none">- Losses to crops which have been removed from the field in which they were grown- Losses to stored crops- Losses to threshed or milled crops- Earthquake, volcano, tsunami, lightning, subsidence- Poor farming practices
Special Exclusion	The policy contains a specific exclusion for land which is flooded as a result of a government agency diverting floodwaters as part of any flood mitigation procedures. Land flooded in this way will receive separate compensation from the government. For these policies, the top-up insurance premium will be returned.