

THE UGANDA AGRICULTURE INSURANCE SCHEME



Protazia Sande
IRA Uganda
24 May 2017

Outline

- ❑ Overview of the Uganda Agriculture Insurance Scheme (UAIS)
- ❑ Government and industry participation
- ❑ Features of the UAIS
- ❑ Benefits to government
- ❑ Considerations around scale, sustainability and client value

Overview of Uganda Agriculture Insurance Scheme (UAIS)

- ❑ UAIS introduced in FY2016/17 (First, as a pilot scheme).

- ❑ Objectives of UAIS:
 - To hedge Ugandan farmers against agriculture risks/natural disasters over which they have limited or no control.

- ❑ The key elements of the scheme include:
 - A Public-Private Partnership (GoU and the Private Sector).
 - To be accessed by both small and large scale farmers.
 - To focus on National Priority crops and livestock.

Participation of Non-Government Actors in the Insurance Industry

❑ Administration of the Scheme

UAIS is administered by Uganda Insurers Association (UIA).

❑ Participating Insurance Companies

- Through the Agro Insurance Consortium.
- Ten (10) Insurance Companies are participating (APA; Gold Star Insurance; Lion Insurance; Phoenix Insurance; Jubilee Insurance; UAP Insurance; CIC General; First Insurance Company; National Insurance Company; and Pax Insurance). Entry is open to other Companies.

❑ The Consortium

- Standardized premium rate cover & procedure for approval & settlement of subsidy & farmer claims. (Premium rates before subsidy ranged between 6-7%, but are now set at 5% after the Government subsidy).
- Ensure that the same products, terms and conditions are provided to participating farmers and all claims are settled in accordance with agreed and standard practices.
- Consolidate technical and financial capacity essential to developing suitable products to ensure a cost-effective approach to product development and policy and claims handling.

Cover and subsidies

- ❑ Multi-peril/risk Insurance
 - Physical inspection at on-set, in the middle and at harvest time
 - Both crops and livestock
 - Insure after germination
- ❑ Weather Index Insurance
 - Payouts based on pre-defined triggers on specified weather parameters
 - Both crops and livestock
 - Insurance planting season/before germination
- ❑ Aquaculture
 - Cages and ponds
 - Physical inspection

S/N	Scale	Proposed subsidy
1.	Small scale farmers	50%
2.	Large scale farmers	30%
	Small & Large scale Farmers in high risky & prone areas	80%

Overall intended benefits

- ❑ Enable minimal government intervention i.e. through provision of ad hoc assistance to farmers during agricultural related disasters.
- ❑ Food security ensured through increased production and productivity.
- ❑ Increased access to agriculture credit from Financial Institutions. Protecting Financial Institutions' disbursed agriculture loans from effects of specified agriculture risks.
- ❑ Stabilized Household Incomes.
- ❑ But **Insurance is not a Panacea** for all the risk and uncertainties that farmers face. Insurance cannot be a substitute for good on-farm risk-management techniques; sound production and farm management practices; and investments in technology.

Challenges around achieving scale and sustainability

- Awareness
- Sensitization
- Inadequate Distribution Channels and Contact points
- Financial literacy
- Affordability versus cover
- Infrastructure
- Taxes on Agri-insurance

Actions taken/ what can be done to address challenges

- Tax exemptions on Agri-insurance policies
- Revisit the level of the subsidy for the small holder farmers upwards
- More funds for sensitization and awareness purposes
- Mass communication campaign to run with the targeted and focused sensitization activities
- Establishing key contact points for farmers to access the products



Thank You

Appendix: Premium Subsidy Allocation Per Farmer Category

S/N	Scale	Proposed subsidy		
1.	Small scale farmers	50%		
2.	Large scale farmers	30%		
	Small & Large scale Farmers in high risky & prone areas	80%		

S/N	Scale	Item	Number/Qty	Proposed subsidy
1.	Small scale	Poultry	500 – 2000	50%
	Large scale		2000 and above	30%
2.	Small scale	Cattle	1-30	50%
	Large Scale		30 and above	30%
3.	Small scale	Pigs	1 -50	50%
	Large Scale		50 and above	30%
4	Aquaculture	Fish	Mostly participants are large scale	30%