

Component-III: Coconut Palm Insurance Scheme (CPIS)

1. NATURE OF THE SCHEME

- 1.1 Coconut cultivation is subjected to risks from climatic changes, natural disasters, pests, diseases etc. and, at times, entire coconut cultivation of a region, gets wiped out due to natural calamity or onset of pest attack. Coconut is a perennial crop and losses suffered by farmers due to damage of this crop, are material and needs to be addressed. Moreover, coconut is cultivated under rain-fed management and is susceptible to biotic and a-biotic stresses, it is necessary to minimise risk faced by coconut farmers, predominantly small and marginal, by covering coconut palms with an insurance scheme.
- 1.2 Coconut palms are perennial crops, but palm trees are characterized by periodic system of crop setting and outcomes and hence resemble seasonal annual crops and should, accordingly, eligible for insurance cover.

2. PARTICIPATING INSURANCE COMPANY

- 2.1. The General Insurance Companies authorized by the Department of Agriculture & Cooperation (DAC), Government of India will implement / underwrite risks as per the provisions of CPIS.

3. SCHEME ACCEPTED BY THE STATE GOVERNMENT

- 3.1 The product shall be available to all Coconut growing States/UTs in the country. The State Government intending to participate in the Scheme has to communicate its consent thereto, along with areas/district(s) selected for the Scheme. Such consent of the States implies acceptances to abide by the provisions of the Scheme in totality as spelt out in the text of the Scheme & Operational Modalities and other guidelines issued from time to time.
- 3.2 State/UT will also make necessary budgetary provision in State/UT budget, to release premium subsidy for the notified area(s)/district(s) at beginning of financial year based on fair estimates and also facilitate strengthening of field functionaries and extension workers in notified areas/districts.

4. PALM GROWER COVERED:

- 4.1 Individual farmer/ planter / grower **offering at least 5 healthy 'nut' bearing palms** in contiguous area / plot will be eligible for insurance. The planter / grower shall, insure all eligible palms within a contiguous area. Partial insurance of plantation in contiguous area is not allowed.
- 4.2 Coconut Development Board (CDB) shall make every effort to get all bearing and healthy palms insured, in cluster villages of district(s).

5. PALM COVERED:

5.1 Healthy 'nut' bearing coconut palms of all varieties i.e. Tall, Dwarf and Hybrids grown as mono or intercropped, on bunds, farms or homestead can be covered.

5.2 Dwarf and Hybrid coconut palms in age range of 4 to 60 year and Tall variety coconut palms in age range of 7 to 60 year are eligible for coverage. Unhealthy and senile palms will be excluded from coverage.

5.3 Self-declaration of age group by insured planter / grower in insurance proposal is acceptable. However, Implementing Agency (IA) may get the insured palms verified for authenticity, at any time and Insurance becomes void in the event of wrong declaration of age or any material fact by insured, concerning the insurance.

6. RISK COVERED:

6.1 The scheme covers following perils leading to death / loss of palm or palm becoming un-productive:

- i. Storm, hailstorm, cyclone typhoon, tornado, heavy rains
- ii. Flood and inundation.
- iii. Pest and diseases of widespread nature causing, irreparable damages to palm.
- iv. Accidental fire, including forest fire and bush fire, lightening
- v. Earth quake, landslide and tsunami
- vi. Severe drought and consequential total loss

6.2 This insurance policy pays for total loss of palm on account of happening of perils insured leading to death of insured palm or it's becoming unproductive. In case, death of palm is not immediate, payment of sum insured will be payable on production of certificate from Coconut Development Board (CDB) / Agriculture / Horticulture Department justifying cause for declaring palm unproductive. A palm can be declared 'unproductive' only when further growth / rejuvenation of palm is not possible after the same has been damaged by peril(s) insured, provided palm is removed / felled by insured. In case farmer / grower wishes to retain unproductive palm as it is (with out felling), salvage value of 50% of sum insured will be deducted from claim. In any case, loss of palm will have to be established to occurrence of peril insured.

6.3. Exclusions:

6.3.1 No claims shall be payable under the scheme, if number of palm lost due to operation of peril insured is within 'Franchise' clause (point 9.4). Insurer will not be liable for any payment, under this policy, for any expenses incurred by insured in connection with or in respect of loss other than on account of perils insured. The insurance does not cover following events, in so far as they are applicable, keeping in view scope of insurance cover:

- (a) Loss by Theft, War, Invasion, Civil war. Rebellion, Revolution, Insurrection, Mutiny, Lock out, Malicious Damage, Conspiracy, Military/Usurped power, Civil commotion, Confiscation, Requisition/destruction/damage by order of any Government de-jure / de-facto / by any public / municipal / local authority including damage due to power transmission.
- (b) Nuclear reaction, nuclear radiation or radioactive contamination.
- (c) Impact damage due to aircraft or other falling objects
- (d) Willful negligence of insured and any one acting on his behalf.
- (e) Damage caused by human, bird or any animal action.
- (f) Improper maintenance of palms.
- (g) Palm becoming unhealthy & senile.
- (h) Natural mortality of the palm, up-rooting of palm traceable to chiseling of roots.
- (i) Loss of capital investment like land cost loss or damage to structures supporting insured palm, irrigation system, agricultural equipments or implements.

7. SUM INSURED & PREMIUM:

7.1 The Sum Insured and premium under Coconut Palm Insurance, under different age groups will be follows:

Coconut Palm age in years	Sum insured per palm (Rs.)	Premium per plant/ year (Rs.)
4 th --- 15 th	900	9.00
16 th --- 60 th	1750	14.00

8. PREMIUM SUBSIDY:

8.1 On premium, 50% subsidy will be paid by Coconut Development Board (CDB) and 25% by State Government concerned and balance 25% of the premium will be paid by farmer / grower. In case, the State government does not agree to bear 25% share of premium, farmers / growers will be required to pay 50% of premium, if interested in insurance scheme.

- 8.2 In case some planters/growers' association wishes to bear the premium on behalf of planters/growers, such association may do so if they have "insurable interest". However, in any case, the planters/growers shall have to bear a minimum of 10% premium.
- 8.3 Premium subsidy amount (50% by CDB and 25% by participating States) will be released to IA in advance based on estimates, which will be replenished / adjusted on quarter/year basis.

9. INSURANCE PERIOD/TERM:

- 9.1 Policies may be issued on annual basis. However, growers/farmers may obtain a policy for a maximum **period of three years for which rebate in premium @7.5% for two year policy and 12.5% for three year policy will be provided to the planters/growers.**
- 9.2 Planters / growers can join the scheme any time during the year. However efforts should be made to insure all eligible farmers/growers by 31st March. In case, farmers/growers join the scheme after 31st March, then the risk is covered from 1st day of succeeding month.
- 9.3 However, loss/death of palms, within 30 days from inception of insurance, claim is not payable under the scheme, but this condition is not applicable in case of renewal of insurance before expiry of the policy (i.e. without time gap).
- 9.4 The claim is assessed only if number of palms damaged, due to perils insured are in a contiguous area is more than the palms lost as shown for different slabs:

Sl.No.	No of Insured Palms in a contiguous area	Franchise (Palms lost)
1	10-30	1
2	31-100	2
3	> 100	3

10. ISSUE OF INSURANCE POLICY:

- 10.1 Insurance may be obtained through Coconut Development Board (CDB), directly from representatives / authorized agents of IA or nearest office of Agriculture / Horticulture Department or Coconut Producers / Growers Societies registered under Societies Act or registered with CDB.

10.2 Farmer/Grower who needs to insure his palms should submit the following documents to the Agri Dept/ CDB / Hort Deptt, as the case may be .:

- i. Proposal forms along with premium amount (Preferably DD)
- ii. Proof of land record / Plantation or a certificate issued by revenue authorities to Agri. Dept. / CDB / Hort Deptt., depending upon the practice in a State
- iii. Declaration by farmer that only healthy palms are insured.
- iv. A rough sketch of the plantation with land identification number of each plot and number of palms therein, the palms should preferably be numbered.

10.3 Premium will be paid by planter / grower, net off premium subsidy, through cash, cheque/ bank draft, drawn in favour of IA.

10.4 Certificate of Insurance/cover note will be issued by IA to all individual insured farmers/growers, within 30 days from receipt of proposal, with requisite premium.

10.5 IA shall also furnish a consolidated list of insured farmers/ growers, district-wise to Coconut Development Board (CDB) and Department of Agriculture, Gol, on quarterly basis.

11. CLAIM ASSESSMENT & SETTLEMENT PROCEDURE:

11.1 Loss of insured palms will be intimated by insured farmers/ Growers to **IA within fifteen days from occurrence of peril**, with all relevant details.

11.2 **Farmers will not move or shift damaged / lost palms** till inspection of crop by loss assessors is complete.

11.3 The claims may also be intimated through concerned State Government Call Centers, until Implementing Agency sets up its own call centre.

11.4 Loss assessment certification is required to be furnished by Coconut Development Board (CDB) / Agriculture / Horticulture Department / State Agriculture University (SAU), **as authorised by IA** for each district, justifying cause for loss of palm, within **fifteen days** from loss intimation.

11.5 IA, at its discretion may send its representative to assess the loss jointly with the agency designated to certify the loss.

11.6 **IA will release claim to insured planter / grower within one month from date, all relevant certified details of claim are received in their office.** Release of claim amount, however, is subject to receiving premium subsidy

from CDB, concerned State and Association / Societies, wherever applicable.

11.7 Insurance ceases to operate once a full claim is paid.

12. SERVICE CHARGE:

12.1 IA shall pay service charge to Agriculture / Horticulture Department @ 7.5% of the premium procured by them from the farmers/growers (i.e. on farmers share only).

12.2 Agriculture / Horticulture Department or State Agriculture University (SAU) who are involved in certification of losses may also be paid service charges at rate mutually agreed between concerned agency and IA.

12.3 These service charges shall be shared equally between IA and GoI/CDB.

13. PUBLICITY & AWARENESS

13.1 This Scheme requires adequate publicity in all the villages of the notified districts/ areas. All possible means of the electronic and the print media, farmer's fair, exhibitions including SMS messages, short films, and documentaries would be utilized to create and disseminate the awareness, benefits and limitations of the Scheme among the Growers/ cultivators and the agencies involved in implementing the Scheme. Agriculture/Horticulture Departments of the State in participation with Coconut Development Board (CDB) & IA will work out appropriate Plan for creating adequate awareness and publicity among farmers/growers.

13.2 The State Government in support with CDB & IA shall also chalk out plan for capacity building of the associated Government official etc for effective implementation of the scheme and organize training workshops/sensitization programme for them.

14. MONITORING MECHANISM:

14.1 State level Monitoring Committee will be set-up in all implementing States, consisting of representatives of CDB, IA and State Agriculture / Horticulture Dept, to monitor progress of scheme. This Committee will meet, at least once in quarter, to review progress and make suggestions in popularising the scheme.

14.2 Annual review of scheme will be undertaken by Ministry of Agriculture (GoI) at end of each year with participation of implementing States, Coconut Development Board and IA.

15 SERVICE TAX:

15.1 CPIS is exempted from payment of Service Tax.

16. ROLES OF VARIOUS AGENCIES:

16.1 For successful implementation and administration of Scheme, roles of various Agencies/Institutions/Government Departments/Committees are spelt out herein.

16.2 Role & Responsibilities of Central Government

- (xii) Coordination with the State Government for giving “**CONSENT**” for implementation of CPIS and issue necessary directives from time to time for overall and effective implementation.
- (xiii) Issue necessary guidelines & communication from time to time for implementation of Scheme.
- (xiv) Release premium subsidy to IA at beginning of crop season on basis of progress of previous year, taking into account fair estimates submitted by them, and settle balance of actual premium subsidy for the year, based on submission of final subsidy figures to enable the company to release claims to beneficiary farmers/ growers.
- (xv) Call for review reports from IA and/or CDB/State Government, as and when required, and also consider modifications/improvements recommended.
- (xvi) Create extensive awareness and publicity of the scheme amongst farming community.
- (xvii) Organize Capacity building training/workshops for the State Government officials and other stakeholders.
- (xviii) Interpretation of any provisions of scheme and decision on any dispute in settlement of claims.

16.3 Role & Responsibilities of State Government/UT Administration:

- (xviii) Give its “**CONSENT**” for implementation CPIS in writing to GOI/CDB and convey acceptance of provisions of CPIS and operational modalities.
- (xix) Constitute State Level Monitoring Committee to oversee implementation of Scheme.

- (xx) Issue necessary directives to all agencies / institutions / government departments/ committees involved in implementation of Scheme.
- (xxi) Notify areas/districts for coverage of Coconut Palms under the scheme.
- (xxii) Facilitate providing of necessary inputs from Directorate of Agriculture/Horticulture and State Agricultural University to IA, as necessary for working out claims etc.
- (xxiii) To release its contribution of Premium Subsidy to IA, in beginning of every financial year based on fair estimates submitted by them, and settle balance of actual premium subsidy for year as soon as final figures are submitted by insurance company.
- (xxiv) Create extensive awareness and publicity of Scheme amongst farming community/ growers through agriculture and extension Departments to maximize coverage of Palm growers.
- (xxv) Issue necessary direction to the official of State Horticulture Department to collect insurance premium on behalf of IA for coverage of coconut Palms under CPIS and issue cover note.
- (xxvi) Assist insurance company, through Horticulture Department/District administration or State Agriculture University (SAU) officials for assessment of Palm losses of individual insured farmers/growers and issue necessary loss certificates to IA for claim settlement.

16.4 Role & Responsibilities of Coconut Development Board (CDB):

- (i) Collect insurance premium on behalf of IA for coverage of coconut Palms under CPIS and issue cover note.
- (ii) Assessment of Palm damage/losses due to insured perils and provide necessary Loss assessment certification for settlement of claims.
- (iii) Provide necessary inputs and supports to the IA for coverage of coconut palms under the scheme.
- (iv) Create extensive awareness and publicity of the scheme amongst farming community.
- (v) Organize Capacity building training/workshops for the State Government officials and other stakeholders.

16.5 Role & Responsibilities of Implementing Agency (insurance company) of India Ltd:

- (xvii) Insurance company to liaise with State Governments, GoI and CDB and committees involved in implementation of CPIS.
- (xviii) Underwriting – responsibilities of processing and acceptance of risk.
- (xix) Claims processing and finalization within fifteen days of receipt of loss certificate from authorized agencies and obtaining approval thereon.
- (xx) Responsibility for payment of the claims within one months of receipt of losses certificate and other relevant documents, subject to receipt of Government subsidy.
- (xxi) Re-insurance – negotiating arrangements in national & international market.
- (xxii) Review of implementation of CPIS and provide regular feedback for its effective implementation/improvements to GOI & CDB.
- (xxiii) Ensuring payment of commission / service charges to concerned agencies for implementing the scheme.
- (xxiv) Awareness and publicity – extensive efforts to create awareness and generate publicity for CPIS at grass-roots level including Palm Growers' associations etc.
- (xxv) Coordinating with the GOI, States, CDB and other agencies for awareness and publicity of the scheme.
- (xxvi) Providing monthly progress returns / statistics or any information demanded by the Governments, both Central and State Government and CDB.
- (xxvii) Obtain the list of insured farmers/growers & beneficiaries with all requisite details and upload the same in their website well in time.
- (xxviii) Redressal of all Public Grievances within one month.
