

# Scheme Features

I. The scheme provides Insurance coverage to all Farmers for their crops as notified by the State Governments

All farmers including sharecroppers and tenant farmers growing the notified crops in the notified areas are eligible for coverage.

- Farmers should have insurable interest for the notified/ insured crops.
- The non-loanee farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC) etc.) and/ or applicable contract/agreement details/ other documents notified/ permitted by concerned State Government (in case of sharecroppers/ tenant farmers).

## ***a. Compulsory Component***

All farmers availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. loanee farmers) for the notified crop(s) would be covered compulsorily.

It is mandatory for all loanee cultivators to insist on insurance coverage as per provisions of the Scheme.

- Any change in crop plan should be brought to the notice of the bank at least 2 days before cut-off-date.
- Insurance Proposals are accepted only upto a stipulated cut-off date as declared by the SLCCC/ state Government Notified.

## ***b. Voluntary Component***

The Scheme would be optional for the non-loanee farmers and cultivators desirous of availing insurance under PMFBY for any notified crop in any notified insurance unit may approach nearest bank branch/ PACS/ authorized channel partner/ insurance intermediary



of insurance company within cut-off date, fill-up proposal form completely in prescribed format, submit form and deposit requisite premium to bank branch/ Insurance Intermediary / CSC Centers along with necessary documentary evidence regarding his insurable interest in cultivating land/ crop (e.g.ownership/ tenancy/ cultivation rights) proposed for insurance.

- The farmer desiring for coverage should open/operate an account in the branch of the designated bank, and the details should be provided in the proposal form.
- The farmers should mention their land identification number in the Proposal and must provide documentary evidence with regard to possession of cultivable land. The cultivator must furnish area sown confirmation certificate.
- The farmer should ensure that he gets insurance coverage for a notified crop(s) cultivated/proposed to be cultivated, in a piece of land from a single source only. No duplicate or double Insurance is allowed and in any such cases farmer will not be eligible for coverage. The insurance company shall reserve the right to repudiate all such claims and not refund the premium as well in such cases.
- Company may also take legal action against such farmers.
- Any change in crop plan should be brought to the notice of the bank at least 2 days before cut-off-date.
- Insurance Proposals are accepted only upto a stipulated cut-off date as declared by the SLCCC/ state Government Notified.

## **II. Crops Covered**

All crops are covered under the scheme such as Food & Oilseeds crops and Annual Commercial/Horticultural Crops for which past yield data is available.

In addition for perennial crops, pilots for coverage can be taken for those perennial horticultural crops for which standard methodology for yield estimation is available.

## **III. Coverage of Risks and Exclusions under the scheme**

The Scheme operates on the principle of "Area Approach" in the selected Defined Areas



which are called Insurance Unit (IU) , basis Crops and Defined Areas in accordance with decision taken in the State level coordination committees on crop insurance of the respective State/UT Government . These units are notified as insurance unit applicable to Village/Village Panchayat or any other equivalent unit for major crops. For other all other crops it may be a unit of size above the level of Village / village Panchayat.

Following stages of the crop and risks leading to crop loss are covered under the scheme.

**a. Prevented Sowing/ Planting Risk:** In case of majority of insured crops of a notified area are prevented from sowing/planting due to adverse weather conditions such as deficit rainfall or adverse seasonal conditions, the insured crops that will be eligible for indemnity claims upto maximum of 25% of the sum-insured.

**b. Standing Crop (Sowing to Harvesting):** Comprehensive risk insurance is provided to cover yield losses due to non- preventable risks, viz. Drought, Dry spells, Flood, Inundation, Pests and Diseases, Landslides, Natural Fire and Lightening, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane and Tornado.

**c. Post-Harvest Losses:** Coverage is available only up to a maximum period of two weeks from harvesting for those crops which are allowed to dry in cut and spread condition in the field after harvesting against specific perils of hailstorm, cyclone, cyclonic rains and unseasonal rains.

For the claims arising out of crop damage due to post-harvest losses and localised risks, arising out of hailstorm, cyclone or cyclonic rains / unseasonal rains throughout the country, resulting in damage to harvested crop lying in the field in 'cut and spread' condition for sole purpose of drying only , upto a maximum period of two weeks (14days) from harvesting is also covered and the assessment of damage will be made on individual farm basis.

**d. Localized Calamities:** Loss/ damage resulting from occurrence of identified localized risks of hailstorm, landslide, Inundation, cloud burst and natural fire due to lightening affecting isolated farms in the notified area.



**e. Add-on coverage for crop loss due to attack by wild animals:** The States may consider providing add-on coverage for crop loss due to attack by wild animals wherever the risk is perceived to be substantial and is identifiable. Detailed protocol and procedure for evaluation of bids will be issued separately by GOI in consultation with Ministry of Environment and Forest and GIC Re. The add-on coverage will be optional for the farmers and applicable notional premium will be borne by the farmer, however the State Govts may consider providing additional subsidy on this coverage, wherever notified. The actuarial premium rates for add-on coverage should be sought in the bid itself from the Insurance Companies; however the add-on actuarial premium rate will be considered separately and shall not form part of evaluation of L1.

f. Yield loss damage for localised calamities and post harvest losses will be assessed on the basis of individual insured farm level and hence lodging of loss information by farmer/designated agencies is essential. For remaining risks losses are due to widespread calamities. Hence lodging of information for claims by insured farmers / designated agencies for such wide spread calamities is not essential. Claims will be calculated based on the loss assessment report/average yield submitted by concerned State

**Note: Losses arising out of war and nuclear risks, malicious damage and other preventable risks shall be excluded.**

#### **IV. Indemnity Level applicable for different crops**

**Coverage is provided upto different indemnity levels of 70%, 80% and 90%**

corresponding to high, moderate and low risk level, respectively, of the areas basis the type of crops and is notified for crops and areas as per notified unit applicable.

#### **V. Premium**

The Maximum Premium payable by the farmers will be 2% for all Kharif Food & Oilseeds crops, 1.5% for Rabi Food & Oilseeds crops and 5% for Annual Commercial/Horticultural

Crops or actuarial premium rate whichever is less. The difference between premium and the rate of Insurance charges payable by farmers shall be shared equally by the Centre and State.

- Note: The seasonality discipline shall be applicable for loanee and non-loanee farmers as defined in the State Government notification and farmers need to necessarily enroll before the specified cut off dates applicable for the respective crop in the season.
- The Threshold Yield (TY) shall be the benchmark yield level at which Insurance protection shall be given to all the insured farmers in an Insurance Unit.
- The Average Yield of a notified crop in Insurance Unit (IU) will be average yield of best five years out of last seven years. The Threshold yield of the notified crop is equal to Average Yield multiplied by Indemnity level. The Threshold Yield for any crop and IU shall compulsorily be part of the notification for the season and shall not change at any point during that season.

## **VI. Basis of Claims Settlements**

**The claims payout would be made, basis the Area Approach, subject to the following:**

1. State has to conduct requisite number of Crop Cutting Experiments (CCEs) at the level of notified insurance unit area and the CCE based yield data will be submitted to insurance company within the prescribed time limit to calculate the claims payable basis the respective notified insurance unit area.
2. Crop Cutting Experiments (CCE) shall be undertaken per unit area /per crop, on a sliding scale, as prescribed under the scheme outline and operational guidelines .
3. The Threshold Yield (TY) shall be the benchmark yield level at which Insurance protection shall be given to all the insured farmers in an Insurance Unit Threshold of the notified crop will be moving average of yield of last seven years excluding yield upto two notified calamity years multiplied by Indemnity level.



**IMPORTANT NOTE:**

1. Farmers can enroll under the scheme via their bank branches, nearest CSC Centers or insurance intermediary as authorised by IRDA.
2. All enrolments need to necessarily be completed within the cutoff date as defined in the respective State Government notification and farmer share of premium duly remitted by the Bank or Intermediary within the cut off date to the Insurance Company.
3. In case the farmer changes the crop to be sown, he should intimate the change to insurance company, at least 2 working days prior to cut-off-date for buying insurance or sowing either through financial institution/ channel partner/insurance intermediary/ directly; as the case may be, along with difference in premium payable, if any, accompanied by sowing certificate issued by concerned village/ sub-district level official of the State. In case the premium paid was higher, insurance company will refund the excess.
4. In case of Tenant/ share farmers obtaining coverage necessary documentary evidence of land records prevailing in the State (Records of Right (RoR) Land possession Certificate (LPC) etc.) and/ or applicable contract/agreement details/ other documents notified/ permitted by concerned State Government should be provided at the time of enrolment.
5. Service Tax is exempted for this scheme.