

PROCUREMENT OF REINSURANCE PROGRAM TO COVER AGRICULTURAL INSURANCE SCHEME FOR FARMERS IMPLEMENTED BY AGRICULTURAL AND AGRARIAN INSURANCE BOARD (AAIB)

(For two years (4 seasons) starting from 2019/20 Maha Season)

Information and Special Conditions

- 1 Objective** To protect farmers against losses due to crop damage by flood, drought inundation, natural perils, and, all-natural disaster, wild elephant damages, pest, insect damages and wild animal damages
- 1.1 Scope of cover**
Payment of *claim for the farmers due to shortfall in yield resulting from loss or damage to the standing crops from the above perils. (Including all planted crops /cultivated/sowing to harvesting crops)
- 2 Crops to be insured** Paddy, Maize, Chili, Potato, Soya, and Big Onion
- 3 Period of insurance** For two years (4 seasons) from starting 2019/20 Maha season
- 4 4.1 Sum Insured** 30,000/- SL Rupees (per acre and per season)
- 4.2 Total land extent to be cover** 2 million acres per year (approximately)
- 5 The average cultivate land extents per year and average damage extent per year %**

Crop	Land Extents to be cover per year (Approximately)	Average Damage % (due to flood, drought inundation, natural perils, all-natural disaster, pest, insect, wild animal damages)	Expected Damage Acres))
Paddy	1,816,000	10%	181600
Maize	125,000	15%	18750
Chili	30,000	8%	2400
Potato	10000	10%	1000
Soya	10000	8%	800
Big onion	9000	10%	900
Average		10.3%	
Total	2,000,000		205,450

6 Total liability and expected liability per year

	Land extents expected to be cultivated (Average Acres)	Sum Insured per acre SL - Rs	Premium per acre SL - Rs	Total premium SL -Rs	Total Liability SL- Rs	Average Expected Liability in Million SL- Rs
Crop	2,000,000	30,000	1125	2250,000,00	60,000,000,000	6164
Paddy						
Maize						
Chili						
Potato						
Soya						
Big onion						

7 Reinsurance arrangement - Crop Aggregate Excess of Loss
8 Placement of Reinsurance

Option 1

Layer I

LKR.1000, 000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR 1575,000,000.00 in the annual aggregate.

Layer II

LKR.1000, 000.000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.2575,000.000.00 in the annual aggregate

Layer III

LKR.2589,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.3575,000,000.00 in the annual aggregate.

option 11

Layer I

LKR.1000, 000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR 1125,000,000.00 in the annual aggregate.

Layer II

LKR.1000, 000.000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.2125,000.000.00 in the annual aggregate

Layer III

LKR.3039,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.3125,000,000.00 in the annual aggregate.

option 111

Layer I

LKR.1000, 000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR 675,000,000.00 in the annual aggregate.

Layer II

LKR.1000,000.000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.1675,000.000.00 in the annual aggregate

Layer III

LKR.3489,000,000.00 Ultimate Net Loss in the annual aggregate in Excess of LKR.2675,000,000.00 in the annual aggregate.

- 9 **Insurance beneficiaries** - Farmers
- 10 **Financing of the Scheme** - Insured
- 11 **Notification**

Notification	
Loss notification	AAIB will inform to the reinsurer when immediately loss occurred
Claim notification	AAIB will inform to the reinsurer immediately when reach the retention limit .

- 12 **Territorial scope** - Geographical limits of Sri Lanka
- 13 **Premium** - Minimum & Deposit Premium @ 80%
- 14 **Loss history** - pl see Annexure 03
- 15 **Laws: arbitration/jurisdictions:** - Sri Lanka
- 16 **Gross net premium income:** - Estimated **LKR 2250** Million (ML of + or - 20%)
- 17 **Validity of the bid:** - 90 days
- 18 **Basis of claim settlement**

**Crop stage	Out of sum insured
1 st	Up to 40%
2 nd	Up to 60%
3 rd	Up to 100%

Notes

- 1 Cultivate land extents might be changed subject to climate conditions.
- 2 Average damage means past ten years average damages
- 2 All cultivated land extents automatically covered under this project and all cultivated land need to be recommended by the Agrarian development department.
- 3 Claim means actual claim amount and the operational expenses
- 4 Details for seasons -pl refer annexure 5 (IP)
- 5 Pl refer Annexure 3 (3P) for average damage details
- 6 Notification -AAIB will inform immediately to the reinsurer if it had natural disasters as loss notification and actual claim amount will inform to reinsurers as claim notification.
- 7 Crop stage - please see annexure 5 (1P)
- 8 Basis of the settlement of claim - Pl refer Annexure 5 . its included payment method
- 9 SL = Sri Lanka and RU= Rupees
- 10 LKR= Sri Lanka Rupees
- 11 P= Pages , Eg (1P) = 1 Pages

Maha Season				
Maha Season	No of farmers	Acres	Total Indemnity in million	*Damage stage
*2014/15 Maha	121 688	237 601.83	844	90% First stage damage
2015/16 Maha	23 724	37 ,042.52	118	90% First stage damage
2017/18 Maha	138 781	234195.13	1915	80% First stage damage
2018/19 Maha	28176	48,575	916 (Estimated 1100)	70% Second stage damage

Yala Season				
Yala Season	No of farmers	Acres	Total Indemnity in million	Damage stage
2015	12 036	14,197.39	89	90% second stage damage
2016	10 575	24 ,437.62	50	95% First stage damage
2017	30 048	28 ,126.82	228	80% second stage damage
2018	20 366	23 ,825.87	560	80% second stage damage

* Damage stage - The balance amount comes from the other stages. (Eg 90 % damage comes from the first stage of the 2014/15 Maha season. Balance 10% comes from the second and third stages)

20 Claim process - Please see Annexure 4 (2P)