

Livestock Insurance and Its Importance

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Introduction:

Agriculture is backbone of Indian economy, and the animal husbandry is the integral component of agriculture and have been inseparable since time immemorial. Livestock an importance source of manure for crop production and fuel for domestic use. It is a source of minimizing use of non-renewable energy. Livestock is also an important source of regular income for the farmers and rural poor people. Livestock provide nutrient rich food products, hides and skin, employment generation, drought power. India stands first in livestock population in the world with a total population of 535.78 million.

Farmers are more likely to suffer serious losses when livestock that have been bought with great hopes and have paid huge sums of money for agricultural and dairy needs are suddenly exposed to danger. Keeping in view the risks that come in various forms, the central government introduced the cattle insurance scheme.

Livestock Insurance Scheme:

The Livestock Insurance Scheme, a centrally

sponsored scheme, which was implemented on a pilot basis during 2005-06 and 2006-07 of the 10th Five Year Plan and 2007-08 of the 11th Five Year Plan in 100 selected districts. The scheme is being implemented on a regular basis from 2008-09 in 100 newly selected districts of the country. Under the scheme, the crossbred and high yielding cattle and buffaloes are being insured at maximum of their current market price. The premium of the insurance is subsidized to the tune of 50%. The entire cost of the subsidy is being borne by the Central Government. The scheme is being implemented in all states except Goa through the State Livestock Development Boards of respective states. The scheme is proposed to be extended to 100 old districts covered during pilot period and more species of livestock including indigenous cattle, yak & mithun.

The Livestock Insurance Scheme has been formulated with the twin objective of providing protection to the farmers and cattle rearers against any eventual loss of their animals due to death and to demonstrate the

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benefit of the insurance of livestock to the people and popularize it with the ultimate goal of attaining qualitative improvement in livestock and their products.

Agency implementing the scheme:

Department of Animal Husbandry, Dairying and Fisheries is implementing the Centrally Sponsored Scheme of National Project for Cattle and Buffalo Breeding (NPCBB) with the objective of bringing about genetic up-gradation of cattle and buffaloes by artificial insemination as well as acquisition of proven indigenous animals. NPCBB is implemented through State Implementing Agencies (SIAs) like State Livestock Development Boards. In order to bring about synergy between NPCBB and Livestock Insurance, the latter scheme will also be implemented through the SIAs. Almost all the states have opted for NPCBB. In states which are not implementing NPCBB or where there are no SIAs, the livestock insurance scheme will be implemented through the State Animal Husbandry Departments.

Involvement of Veterinary practitioners:

The active involvement of the veterinary practitioners at the village level is required for the successful implementation of the scheme. They are to be associated with the work of identification and examination of the animals to be covered under the scheme, determination of their market price, tagging of

the insured animals and finally issuing veterinary certificates as and when a claim is made. Besides, being in touch with the farmers and cattle-rearers, they may also help in promoting and popularizing the scheme. As far as possible, only the veterinary practitioners working with the state government may be involved. private veterinary practitioners who are registered with Veterinary Council of India may be involved only if Government veterinary practitioners are not available. A list of such veterinary practitioners will be prepared for every district by the district officer of the Department of Animal Husbandry. The list of veterinary practitioners will be made available with the insurance company selected for the district as well as to the concerned Panchayati Raj bodies.

Commencement of Insurance policy cover and adjustment of premium subsidy:

In order to generate confidence among the cattle owners about the efficacy of the scheme, it is important that the policy cover should take effect once the basic formalities like identification of animal, its examination by the veterinary practitioner, assessment of its value and its tagging along with payment of 50% of the premium to the insurance company or its agent by the cattle owner. The selected insurance company will have to agree to this. However, it is possible that the insurance company may point out a provision in the

Insurance Act that insurance cover can take effect only after the whole premium is paid in advance. In order to take care of this problem, there could be an arrangement by which certain amount is paid in advance to the insurance company directly by the CEO. This amount should not exceed 50% of the premium of the number of animals expected to be insured in a period of 3 months. The insurance company, on its part, should issue instructions to their branches that as and when 50% of the premium is paid by the cattle owner, they should issue the policy by suitably adjusting the balance 50% from this advance. The insurance company should prepare monthly statements of the policies issued indicating the assessed value of each animal and the Government share for each district duly countersigned by the district officer of the Animal Husbandry Department and submit to the CEO so that, that much amount can be recouped to the insurance company by the CEO. Target of getting the number of animals insured in a three months period for payment of advance to the Insurance Company should be on realistic basis and recouping of the advance fund should be on the basis of subsequent progress made by the concerned insurance Company.

Animals to be covered under the scheme and selection of beneficiaries:

All those female cattle/buffalo yielding at least 1500 litre of milk per lactation are to be considered high yielding and hence can be insured under the scheme for maximum of their current market value. Animals covered under any other insurance scheme/plan scheme will not be covered under this scheme. Benefit of subsidy is to be restricted to two animals per beneficiary and is to be given for one time insurance of an animal up to a maximum period of three years. The farmers will have to be encouraged to go for a three-year policy which is likely to be more economical and useful for getting the real benefit of insurance on occurrence of natural calamities like flood and drought etc. However, if a livestock owner prefers to have an insurance policy for less than three years period for valid reasons, benefit of the subsidy under the scheme would be available to them also, with the restriction that no subsidy would be available for further extension of the policy. Field performance recorders of the NPCBB could also be involved for identification of beneficiaries. The Gram Panchayats will assist the Insurance Companies in identifying the beneficiaries.

Determination of market price of the animal:

An animal will be insured for the maximum of its current market price. The market price of the animal to be insured will be assessed jointly by the beneficiary,

authorized veterinary practitioner and the insurance agent.

Identification of insured animal:

The animal insured will have to be properly and uniquely identified at the time of insurance claim. The ear tagging should, therefore, be fool proof as far as possible. The traditional method of ear tagging or the recent technology of fixing microchips could be used at the time of taking the policy. The cost of fixing the identification mark will be borne by the Insurance companies and responsibility of its maintenance will lie on the concerned beneficiaries. The nature and quality of tagging materials will be mutually agreed by the beneficiaries and the Insurance Company. The Veterinary Practitioners may guide the beneficiaries about the need and importance of the tags fixed for settlement of their claim so that they take proper care for maintenance of the tags.

Change of owner during the validity period of insurance:

In case of sale of the animal or otherwise transfer of animal from one owner to other, before expiry of the Insurance Policy, the authority of beneficiary for the remaining period of policy will have to be transferred to the new owner. The modalities for transfer of livestock policy and fees and sale deed etc required for transfer, should be decided while

entering into contract with the insurance company.

Settlement of Claims:

The method of settlement of claim should be very simple and expeditious to avoid unnecessary hardship to the insured. While entering into contract with the insurance company, the procedure to be adopted/documents needed for settlement of claim should be clearly spelt out. In case of claim becoming due, the payment of insured amount should be made within 15 days positively after submission of requisite documents. While insuring the animal, CEOs must ensure that clear cut procedures are put in place for settlement of claims and the required documents are listed and the same is made available to concerned beneficiaries along with the policy documents.

Effective monitoring of the scheme:

In order to effectively implement the scheme, there is need of strict monitoring at different stages. The monitoring should be in terms of financial releases, number of animals insured and type of insurance. Monitoring at the Central and State levels is extremely important. CEO will be required to make special efforts for effective monitoring. Secretary in-charge Animal Husbandry in State Government/Director of state animal Husbandry will take periodic review of the implementation of the scheme.

Payment of honorarium to the veterinary practitioners:

The involvement of veterinary officer in the scheme is from beginning to end. His active interest and support is essential for success of the scheme. In view of this it is essential to provide some incentive to the veterinary practitioners to motivate them to carry out these activities wholeheartedly. It has been decided to pay an honorarium of Rs 50/- per animal at the stage of insuring the animal and Rs100/- per animal at the stage of issuing veterinary certificate (including conducting post-mortem, if any) in case of any insurance claim. Central Government will provide the amount needed for payment of honorarium to the S.I.As. The CEOs should ensure that Boards will pay to Veterinary Practitioners at end of each quarter depending on number of animals insured and veterinary certificates issued by them in that quarter.

Commission to Insurance Agents:

The active and dedicated involvement of insurance agent is most essential for efficient implementation of the scheme. The insurance company should be persuaded to pay at least 15% of the premium amount to the agent out of their premium income. While entering into contract with the Insurance Company, this has to be ensured by the implementing agency.

Precautions to be taken by the farmer to get insurance claim:

1. In detail when the cattle were bought, where they were bought, for how much they bought and from whom they bought them records should be prepared.
2. Details of milk yield should be prepared.
3. Dates of examinations, dates of vaccinations, details of diseases, doctor's name - addresses should be recorded in detail."
4. As soon as the insured animal dies, the bank that has given the loan should be informed immediately by telegram or phone.
5. Inform the Veterinarian and get the necropsy done and take the necropsy report.
6. Fill up the claim form given by the insurance company and send it along with the photo of the animal, ear tag, death certificate and postmortem report given by the doctor.
7. If the animal's earring falls due to any reason, immediately inform the insurance company and buy another ear tag. It is entirely the farmer's responsibility. If a dead animal does not have an ear tag, the insured amount will not be paid.
8. Farmers can insure the cattle, get the full cost of the cattle, buy a new cattle with it, and live comfortably with the income

to avoid loss and disappointment when the cattle die.

Highlights of this scheme

➔ Who is eligible for this scheme?

- All categories of farmers with dairy cattle are eligible. 20% is earmarked for Schedule Castes in special allocation.

➔ What are the benefits of this scheme?

- In case of death of dairy cattle which is the mainstay of a farmer's family due to accidents, natural calamities and diseases, the full insured value of the cattle is paid.

➔ Which dairy cattle is this scheme applicable to?

- The scheme is applicable to domestic and crossbred cows/buffaloes. The scheme is applicable to every cow/buffalo whether lactating / dry cattle / once milked. Dairy cattle should be less than ten years of age and not more than 5 calving's.

➔ How many dairy cattle can be insured?

- Only up to one farmer and five dairy cattle can be insured under this scheme. If more than five, 100% of the premium will be borne by the farmer.

➔ Insurance claim is given in case of death of dairy cattle due to which reasons?

- An insurance claim is given if the insured dairy cattle die due to accidents, diseases or natural calamities.

➔ Who to contact about the scheme?

- Any of the following can be contacted. 1) Gopala Mitra 2) Staff of Govt Veterinary Hospital 3) Division and District Animal Husbandry Officers 4) Insurance Company 5) Executive Officer.

➔ For how many years can dairy cattle be insured at a time?

- Either for one year or 3 years. The farmer gets more profit if insured for 3 years at a time.

➔ How are insured livestock identified?

- Every insured cow is given an "ear tag" under the supervision of a veterinary officer. If the ear tag is blown off for any reason, the veterinarian should be informed immediately and a different ear tag should be given.

➔ Will the insurance cover the buyer if the insured livestock has to be sold due to unforeseen circumstances?

- Applies. However, when it is necessary to sell, it is possible to inform the concerned veterinary officer and get a certificate from him and the insurance company will go to them and change it in the name of the farmer who bought it. For this they should pay 100/rs to insurance company.