

Modalities for implementation of

Component - 6: Rainfall Insurance Scheme for Coffee (RISC)

Objective: To provide effective risk management aid to those coffee growers likely to be impacted by adverse rainfall incidence.

The Rainfall Insurance Scheme for Coffee (RISC) is a unique rainfall based insurance scheme specially designed for the coffee growers of the country. This Scheme has been designed by the Agriculture Insurance Company of India Limited (AIC) in consultation with Coffee Board and the Coffee Growers Associations. The most important benefits of RISC are:

1. Trigger events like adverse rainfall can be independently verified and measured.
2. The parameters considered in designing this insurance product are relevant, appropriate and to a large extent captures the rainfall induced risks affecting Coffee production.
3. Allows for speedy settlement of indemnities.

6.1. Eligibility

- i. All the coffee growers in the country are eligible to buy the insurance.
- ii. The small growers owning up to 10ha are eligible for subsidy support towards premium payable by them from the Government of India and the respective State Governments.
- iii. The medium and large growers can subscribe to the scheme by paying full premium.

6.2. Scope of Coverage

The policy compensates the insured, against the likelihood of diminished coffee output / yield resulting from shortfall / excess in the actual rainfall (as the case may be) for different coverage options within a specific geographical location and specified time period, subject to a maximum of the Sum Insured specified in the policy under each of the coverage options. RISC provides the following four coverage options:

Blossom Shower Insurance – covers risks against deficit rainfall
Backing Shower Insurance – covers risks against deficit rainfall
Monsoon rainfall Insurance – covers risks against excess rainfall
Post - Monsoon rainfall Insurance – covers risks against excess rainfall

6.3. Options to choose

The Insurance options available during the season are

- (1) Blossom Showers
- (2) Backing Showers
- (3) Monsoon Showers
- (4) Post Monsoon Showers



A grower can subscribe for the insurance cover either for any of the individual options (except for standalone backing showers option) or for a combination of options as shown below:

- (i) Blossom Showers
- (ii) Monsoon Showers
- (iii) Post-Monsoon Showers
- (iv) Blossom & Backing Showers
- (v) Blossom & Monsoon Showers
- (vi) Blossom, Backing & Monsoon Showers
- (vii) Blossom, Backing, Monsoon & Post Monsoon Showers
- (viii) Monsoon & Post Monsoon Showers

6.4. Sum Insured

(a) For coffee grown in the Traditional Areas

Maximum sum insured per hectare for Arabica and Robusta varieties shall be Rs.40,000 and Rs.30,000 respectively for covering all risk options like Blossom, Backing, Monsoon & Post Monsoon phases. This is the maximum indemnity that AIC will pay in all under each cover note / policy. The phase-wise break-up is as follows:

Phase	Arabica	Robusta
Blossom Showers	Rs. 10,000	Rs. 8,000
Backing Showers	Rs. 6,000	Rs. 4,000
Monsoon Showers	Rs. 14,000	Rs. 10,000
Post Monsoon Showers	Rs. 10,000	Rs. 8,000
Total	Rs. 40,000	Rs. 30,000

(b) For coffee grown in the NTA (AP & Odisha) & NER

Maximum sum insured per hectare shall be Rs.40,000 for high yielding estates of NTA and Rs.20,000 per ha for other estates of NTA as well as NER for coverage of all risk options like Blossom, Backing, Monsoon & Post Monsoon phases. This is the maximum indemnity that AIC will pay in all under each cover note / policy. The phase-wise break-up is as follows:

Phase	High yielding estates in NTA	Other estates in NTA & NER
Blossom Showers	Rs.14,000	Rs. 7,000
Backing Showers	Rs. 10,000	Rs. 5,000
Monsoon Showers	Rs. 8,000	Rs. 4,000
Post Monsoon Showers	Rs. 8,000	Rs. 4,000
Total	Rs. 40,000	Rs. 20,000

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6.5. Premium

Premium chargeable would be statistically/ actuarially calculated based on the type of coffee crop, location, the coverage sought, the past rainfall pattern in the specified geographical area and the acreage under cultivation. Those growers who buy all four phases together would save on the premium. This would be finalized for each year by AIC in consultation with the Coffee Board and stakeholders before the commencement of the marketing season.

Premium table for 3 sample coffee zones are shown below as an example:

State:	Andhra Pradesh			Karnataka			Karnataka		
District:	Visakhapatnam			Chikmagalur			Chikmagalur		
Coffee Zone:	ArakuVally			Mudigere			Mudigere		
Variety :	Low Yielding Variety			Robusta			Arabica		
Option	Sum Insured (Rs)	Gross Premium (Rs)	Premium (%)	Sum Insured (Rs)	Gross Premium (Rs)	Premium (%)	Sum Insured (Rs)	Gross Premium (Rs)	Premium (%)
Blossom	7000	322	5%	8000	2362	30%	10000	1503	15%
Monsoon	4000	540	14%	10000	744	7%	14000	1145	8%
Post Monsoon	4000	859	21%	8000	368	5%	10000	1503	15%
Blossom and Backing	12000	552	5%	12000	3458	29%	16000	3017	19%
Blossom and Monsoon	11000	767	7%	18000	2818	16%	24000	2303	10%
Blossom, Backing and Monsoon	16000	989	6%	22000	3914	18%	30000	3778	13%
Blossom, Backing, Monsoon and Post Monsoon	20000	1776	9%	30000	4126	14%	40000	4610	12%
Monsoon & Post Monsoon	8000	1342	17%	18000	977	5%	24000	2159	9%

The premium differs from zone to zone and year to year as per the historical rainfall data of the zone. The farmers can choose all the 4 options / combinations of phases or individual option with respective sum insured.

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6.6. Premium Subsidy

- i. The Coffee Board will extend premium subsidy to all small coffee growers with plantation size upto 10 hectares in all the coffee growing districts during 12th Plan period.
- ii. The sharing of insurance premium and subsidy pattern by the Central Govt. and State Governments is as follows.

Category of Growers	Central Govt.	State Govt.*	Grower contribution
NE States (all Small Growers) (upto 10 Ha)	75%	15%	10%
SC/ST Small Growers (other than NE States)	60%	25%	15%
Other Small Growers (upto 10 Ha)	50%	25%	25%

* In case any State Government is not willing to bear its share of Subsidy, the same shall be borne by the concerned Growers, in addition to their own contribution.

6.7. Sources for rainfall data:

The Rainfall data shall be collected from the "Reference Rain Gauge Station" (RRGS) as specified in the Cover note/ policy. In order to cover those specific dates for which rainfall data from the Reference Rain Gauge Station are not available, the rainfall data of the "Backup Rain Gauge station" (BRGS) shall be considered for those specific dates.

The sources of rainfall data for different states are as follows:

Karnataka state - Telemetric Rain gauge Stations installed by the Karnataka State Natural Disaster Monitoring Centre (KSNDMC) and the Automatic Weather Stations (AWS) set up by National Collateral Management Services Ltd. (NCMSL), Govt. established weather stations along with prescribed Third Party Agencies.

Other States - the respective State Govt. established weather stations along with prescribed Third Party Agencies.



6.8. How Claims become Payable:

In the event that, in the geographical location (coffee zone) and during the time period specified in the schedule to this policy for different options, the actual rainfall is deficit / excess compared to the specified trigger level, the benefit payable to the insured shall be a sum specified corresponding to the trigger level, subject to maximum of the sum insured specified under various options of the scheme.

6.9. Claim Documentation:

- i. Claims are automated and will be settled on the basis of actual rainfall data received from the concerned agencies/ institutions. Claims when become payable, will be paid at a uniform rate to all the insured growers in the Coffee Zone growing a particular variety of coffee. Claims are directly credited to the Bank account of the insured grower.
- ii. The insured shall be required to furnish the copy of the confirmation certificate as a proof of insurance and any other document / proof specifically requested by Agriculture Insurance Company of India Limited (AIC) for the settlement of the claim.

6.10. How to avail insurance

- i. Coffee growers can avail insurance cover from the Agriculture Insurance Company of India Ltd. or their designated agency. Premium net off subsidy (Growers share of premium) may be paid through Demand Draft drawn in favour of "**Agriculture Insurance Company of India Limited**" within the stipulated time.
- ii. The large growers can also enroll under the scheme in the same manner with the AIC or their designated agency by paying full premium in the form of DD in favour of "**Agriculture Insurance Company of India Limited**" within the stipulated time.



