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Crop insurance: Micro agents can now sell govt-sponsored schemes

G Naga Sridhar

IRDAI also removes ceiling on the amount the agents can cover

Hyderabad, October 24:

In a move that can expand the reach of crop insurance schemes, micro insurance agents have now been permitted to sell government-sponsored crop insurance products to farmers.

The Insurance Regulatory and Development Authority of India (IRDAI) has issued a circular to this effect.

The decision of the regulator came in the wake of requests made by some stakeholders to categorise government-sponsored schemes as micro insurance products irrespective of the sum insured under the individual policy.

With this decision, crop insurance products under schemes such as Pradhan Mantri Fasal Bima Yojana (PMFBY), Weather-Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS) can be bought by farmers from micro insurance agents without any limit on the sum assured.

However, key modalities, such as the sum insured, premium, premium rate per crop, and unit area will remain as notified under the respective government-sponsored insurance schemes without any change, PJ Joseph, Member, Non-Life, IRDAI, said.

Till now, micro agents could only sell crop insurance products with a maximum cover of ₹1 lakh, according to the norms issued by the regulator last year. Also, currently, government-sponsored insurance schemes are mostly sold along with crop loans taken by farmers.

Under the PMFBY, the flagship low-cost insurance scheme for farmers launched by the government last year, about 3.20 crore farmers were insured for the kharif season, government data show. The WBCIS operates on an actuarial basis with premium subsidy ranging from 25-50 per cent, equally shared by the Centre and the States.

According to the IRDAI's annual report 2014-15, the number of farmers insured under this scheme during kharif 2014 was about 2.5 lakh.

The CPIS, a component of the National Crop Insurance Programme, is available to all coconut-growing States, but is yet to gain popularity. Only 2,845 coconut farmers were insured under this scheme in 2014-15.

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