THE UGANDA AGRICULTURE INSURANCE SCHEME

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IRA Uganda
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Outline

- Overview of the Uganda Agriculture Insurance Scheme (UAIS)
- Government and industry participation
- Features of the UAIS
- Benefits to government
- Considerations around scale, sustainability and client value
Overview of Uganda Agriculture Insurance Scheme (UAIS)

- UAIS introduced in FY2016/17 (First, as a pilot scheme).

- Objectives of UAIS:
  - To hedge Ugandan farmers against agriculture risks/natural disasters over which they have limited or no control.

- The key elements of the scheme include:
  - A Public-Private Partnership (GoU and the Private Sector).
  - To be accessed by both small and large scale farmers.
  - To focus on National Priority crops and livestock.
Participation of Non-Government Actors in the Insurance Industry

- **Administration of the Scheme**
  - UAIS is administered by Uganda Insurers Association (UIA).

- **Participating Insurance Companies**
  - Through the Agro Insurance Consortium.
  - Ten (10) Insurance Companies are participating (APA; Gold Star Insurance; Lion Insurance; Phoenix Insurance; Jubilee Insurance; UAP Insurance; CIC General; First Insurance Company; National Insurance Company; and Pax Insurance). Entry is open to other Companies.

- **The Consortium**
  - Standardized premium rate cover & procedure for approval & settlement of subsidy & farmer claims. (Premium rates before subsidy ranged between 6-7%, but are now set at 5% after the Government subsidy).
  - Ensure that the same products, terms and conditions are provided to participating farmers and all claims are settled in accordance with agreed and standard practices.
  - Consolidate technical and financial capacity essential to developing suitable products to ensure a cost-effective approach to product development and policy and claims handling.
Cover and subsidies

- Multi-peril/risk Insurance
  - Physical inspection at on-set, in the middle and at harvest time
  - Both crops and livestock
  - Insure after germination
- Weather Index Insurance
  - Payouts based on pre-defined triggers on specified weather parameters
  - Both crops and livestock
  - Insurance planting season/before germination
- Aquaculture
  - Cages and ponds
  - Physical inspection

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<thead>
<tr>
<th>S/N</th>
<th>Scale</th>
<th>Proposed subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Small scale farmers</td>
<td>50%</td>
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<tr>
<td>2.</td>
<td>Large scale farmers</td>
<td>30%</td>
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<tr>
<td></td>
<td>Small &amp; Large scale Farmers in high risky &amp; prone areas</td>
<td>80%</td>
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Overall intended benefits

- Enable minimal government intervention i.e. through provision of ad hoc assistance to farmers during agricultural related disasters.
- Food security ensured through increased production and productivity.
- Increased access to agriculture credit from Financial Institutions. Protecting Financial Institutions’ disbursed agriculture loans from effects of specified agriculture risks.
- Stabilized Household Incomes.
- But **Insurance is not a Panacea** for all the risk and uncertainties that farmers face. Insurance cannot be a substitute for good on-farm risk-management techniques; sound production and farm management practices; and investments in technology.
Challenges around achieving scale and sustainability

- Awareness
- Sensitization
- Inadequate Distribution Channels and Contact points
- Financial literacy
- Affordability versus cover
- Infrastructure
- Taxes on Agri-insurance
Actions taken/ what can be done to address challenges

- Tax exemptions on Agri-insurance policies
- Revisit the level of the subsidy for the small holder farmers upwards
- More funds for sensitization and awareness purposes
- Mass communication campaign to run with the targeted and focused sensitization activities
- Establishing key contact points for farmers to access the products
Thank You
Appendix: Premium Subsidy Allocation Per Farmer Category

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<tr>
<th>S/N</th>
<th>Scale</th>
<th>Item</th>
<th>Number/Qty</th>
<th>Proposed subsidy</th>
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<tbody>
<tr>
<td>1.</td>
<td>Small scale</td>
<td>Poultry</td>
<td>500 – 2000</td>
<td>50%</td>
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<td></td>
<td>Large scale</td>
<td></td>
<td>2000 and above</td>
<td>30%</td>
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<tr>
<td>2.</td>
<td>Small scale</td>
<td>Cattle</td>
<td>1-30</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Large Scale</td>
<td></td>
<td>30 and above</td>
<td>30%</td>
</tr>
<tr>
<td>3.</td>
<td>Small scale</td>
<td>Pigs</td>
<td>1 -50</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Large Scale</td>
<td></td>
<td>50 and above</td>
<td>30%</td>
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<tr>
<td>4.</td>
<td>Aquaculture</td>
<td>Fish</td>
<td>Mostly participants</td>
<td>30%</td>
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<td></td>
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<td>are large scale</td>
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