

SUBJECT: AGRICULTURAL SCIENCE

TOPIC: AGRICULTURAL INSURANCE

WEEK: 7

CLASS: SS3

TERM: 1ST TERM

MEANING OF AGRICULTURAL INSURANCE

Agricultural insurance can be defined as an agreement where one party (insurer) promises to indemnify another party (insured) of a sum of money in the event of suffering a specified agriculture loss or damage. It involves insuring against certain risks. Such include risk of fire, accidents and so on.

Importance of agricultural insurance

- i. Insurance helps to reduce or control loss or liabilities of agricultural business.
- ii. Insurance inculcates saving habit in farmers as to prepare them for the future.
- iii. The insurance certificates received can be used as collateral security to secure loans from commercial banks by farmers.
- iv. Life assurance can be used as a means of preparing for old age of farmers.
- v. Insurance stimulates and facilitates international trade.
- vi. It also makes fund available for investment in agriculture.

Types of insurance policies for agricultural production

1. Farm vehicle insurance

The farm vehicle insurance policy provides for liability in case of death or bodily injury of any farmer arising from the use of vehicle. The farmer (insured) pays premium to the insurance company and this payment is based on the type of cover provided, the size, and value of the vehicles and so on.

2. Fire disaster insurance

This is a type of insurance which provided cover for loss or damage caused by fire. A farmer can insure himself or farm machineries like tractor, harvesters etc. against any loss as a result of fire, lightning and explosion. It covers all risks associated with fire.

3. Life assurance

Life assurance is another branch of insurance which is taken as a protection against loss caused by the death of a person. It covers only human beings but not properties. In this type of insurance, the risk covered is unavoidable but the time occurrence is not known.

CROP AND LIVESTOCK INSURANCE

The rearing of livestock and planting of crops has a lot of risks attached to it and best way to manage risk in farming business is insurance.

INSURANCE PREMIUM

Premium could be defined as the amount of money that is stipulated by an insurance company which an insurance policy holder must pay in order to maintain the active coverage of the insurance. Insurance premium charged by different insurance companies vary even if these companies offer the same services. That is the reason why insurance experts recommend that people who are interested in getting an insurance policy get quotes from different insurance companies so that they can get the best deals and lower insurance premiums.

Problems of agricultural insurance

1. Uncertainties of weather
2. Losses due to natural disaster
3. Problem of illiteracy

ASSIGNMENT

1. Define agricultural insurance
2. Mention the types of insurance policies