LESSON FOR WEEK FOUR (4) ENDING 3RD OCT, 2025.

SUBJECT: AGRICULTURAL SCIENCE.

TOPIC: **AGRICULTURAL INSURANCE.**

CLASS **SS3**

DATE: **29TH SEPTERMBER, 2025**

Meaning of agricultural insurance

Agricultural insurance is the insurance policy which provides compensation to farmers for losses suffered. For example, the loss of their crops due to natural disasters such as hail, drought and flood or the loss of revenue due to declines in the prices of agricultural commodities. Insurance is one of the tools that farmers can use to manage risks that are too large for them to bear/ manage on their own. Part of the risk is transferred to another, who take it in turn for a fee (or premium).

IMPORTANCE OF AGRICULTURAL INSURANCE.

1. It stimulates investment in agriculture.
2. Helps to stabilize farmers' income
3. Assist farmers in accessing new opportunities by improving their ability to borrow.
4. It helps to development new technology in agriculture.
5. It boosts farmers' willingness to take chance with efficient technology.

VARIOUS AGRICULTURAL RISKS.

1. **Human or personal risk:** The farm operator can get health problems or even die.
2. **Asset risk**: This include theft, fire and other damages or loss.
3. **Production or yield risk:** Most of time the weather is responsible, but it also includes risks like plant and animal diseases.
4. **Price risk**: Risk resulting from fall in price after production modification has been done
5. **Institutional risk:** Tis is associated with policy changes which can have negative impact on production and farm revenue.
6. **Financial risk:** This refers to the possibility of increase in interest of a mortgage insufficient liquidity and loss of equity.

TYPES OF INSURANCE POLICIES FOR AGRICULTURAL PRODUCTION.

1. **Specific enterprise insurance:** This is an insurance policy that covers a particular farming enterprise. It protects the farmer against any form of loss due to disasters or calamity.
2. **Crop insurance:** This is purchased by crop farmers, ranchers and anyone whose enterprise is based on crops product to protect themselves against loss of crop due to natural disaster such as drought, flood etc.
3. **Livestock insurance**: To protect animal farmers and their allies against foreseeable and unforeseen disasters. It also gives the insurance industry the opportunity to make meaningful entry into the rural areas.
4. **Life insurance**: This s insuring human life in the event of death, accidents, retirement or disability. The policy holders are assured that in the event of any of the above, financial compensation will be paid to their dependents or to them as the case maybe.

5. **Farmer’s vehicle insurance:** This is insurance covers machineries used on the farm such as tractors, harvesters, pumps, wind mill etc. the premium rates in some countries are determined by motor insurance tariff.

Insurance premium is the consideration (a fee paid at regular interval) given by the insured (farmer) in return for the insurer’s (insurance company) undertaking to compensate the insured in the manner agreed on the happening of a specified occurrence.

Indemnity is the mode of compensation that the insurer employs to (honor the agreement they had) put the insured back to his position before the loss.

PROBLEMS OF AGRICULTURAL INSURANCE.

1. There is lack of skilled personnel in both managerial and operation level.
2. Lack of awareness of benefit of insurance in other to convince farmers of the benefit.
3. Uncertain weather conditions.
4. Limited capacity of insurance businesses to assume risks
5. Illiteracy and conservatism of farmers in rural areas.

EVALUATION.

1. Differentiate between the following premium and indemnity.
2. State different forms of agricultural insurance policy.
3. State five problems of agricultural insurance.
4. State four forms of agricultural insurance.
5. Briefly explain five risk of farm insurance.

ASSIGNMENT.

1. ----- is the mechanism by which insurer provides financial compensation to the insured in an attempt to place the insured back to the position he was before the loss. A. premium. B. loan. C. indemnity. D. subsidy.
2. All these are forms of farm insurance policy except. A. crop insurance. B. livestock insurance. C. marine insurance. D. motor vehicle insurance.
3. -------- deals with the insurance of human either death, retirement or disability. A. crop insurance. B. livestock insurance. C. life insurance. D. specific insurance.
4. ------- is the consideration given by the insured in return for the insurer’s undertaking to indemnify the insured in the manner agreed on the happening of a specific occurrence. A. premium. B. loan. C. indemnity. D. subsidy.
5. Farm risk include the following except. A. personal risk. B. yield risk. C. price risk. D. premium risk.