

ABSTRACT

i

"An Approach to the Design of a Pilot Agricultural Insurance Programme for Trinidad and Tobago"

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The annual incidence of agricultural losses resulting from natural hazards are excessive. Agricultural Insurance was proposed to reduce the negative impact these have on the sector. However commercial insurers have been reluctant to insure farmers' crops and livestock, fearing financial losses.

This thesis sought to develop a methodology for the design of a pilot agricultural insurance programme. To achieve this, firstly a review of agricultural insurance programmes in several countries and lessons to be learnt were presented. Secondly, a theoretical framework, definitions of insurance, criteria for the insurability of risks, and the major features of an agricultural insurance scheme were discussed. The impact of the insurability of risks criteria plus the desirable features for the pilot programme were developed. Additionally, the feasibility of the designed pilot insurance scheme was determined.

The major features of the pilot programme design were:

- a) Location - St. George County
- b) Enterprise - Broilers, Vegetables
- c) Autonomy - state company
- d) Administrative Structure/ Costs - similar to ADB's

- e) Participation - Voluntary
- f) Coverage Level - 85% area-average yield (or mortality)
- g) Coverage duration - dry / wet seasons
- h) Risks Covered - all risks (crops)
- all risks affecting mortality
(broilers)
- i) Crop/livestock valuation - production costs

The programme was feasible at the current market premium rates of 7.5% of investment. Simulating the Premium Income by varying the broiler premium rate, the break-even premium rates are 7.5% (vegetables) and $> 6.5\% < 7.0\%$ (broilers). Finally after recruitment costs were reduced by 20% ,the new break-even premium rates were : 7.5% for vegetables and $> 6.0\% < 6.5\%$ for broilers.

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