

NLI-AGR-10-010 – International conference on "Crisis and risk management in agricultural insurance" - Answer for Slovakia/Slovak Insurance Association:

1. In your opinion, what are the main barriers for the establishment and the development with the agricultural insurances on the different countries? What are your recommendations for the state Administrations present at this Conference for starting the agricultural insurances systems? These systems should be public, private, or public-private mixture?

Agricultural insurance in Slovakia is functional several decades and we can say it works quite successfully. In the socialism period agricultural insurance was a significant part of total insurance sector, premiums written share to the total premiums written in sector was during the years 1986-1990 in amount about 30%. Nowadays there are 4 commercial insurance companies providing agricultural insurance in Slovakia. We maintain that agricultural insurance should be in the future providing by the private insurance companies operating on the healthy, competitive market.

Respecting the state dotation on the insurance premiums payments - insurers' opinion in SK is, that from the state side transparency in the system is missing. In the beginning of the year the Scheme of state support for the agricultural insurance premiums payments is published (by the Ministry of Agriculture), including the total amount dedicated for the support. The farmers apply for the guarantee of no changes of the sum of money for support during the calendar year in order to calculate their costs (and potential sum of dotation) for the whole year properly – with the view of choose the insurance cover meeting their needs.

And - on the other hand, farmers and insurers tend toward the call for refundation (published by Ministry of Agriculture after the Scheme of support is approved by Brussels) should be open after scheme and call's publishing till the end of the year (consequently till the end of October – to let the state Agricultural paying agency time for summarisation whole demands to the end of the year – this model for „open call“ works in Czech Republic), not only for the period of 1 month after its publishing as it's usually in SK. (The dotation are payed off to the farmers in the beginning of consecutive calendar year.)

Slovak farms are really dissapointed of the dotation system, because in the „Scheme“ the potential support to the 50% of the agricultural insurance payments is declared, but e.g. in 2008 there was only 8,5% at the end. It will be helpful to publish the percentage ratio more exactly in the beginning of the year and the date of supply.

Slovak Insurance Association has started discussion with the Minsitry of Agriculture to adapt the dotation system on the insurance premiums payments more closely to the farmers' needs.

Respecting the state dotation to the agricultural losses as whole we are disposed to the Czech model (I hope you will receive the feedback from the Czech Insurance Associaton too) planned to be effective in Czech Republic from 2011.

For an explanation: as we have the right information it's planned like „a public-private fund of non-insurable agricultural risks“, which income shoud be create from the state contribution, farmers' and insurers' fees too and which should cover the non-insurable agricultural risks/losses for the farmers participating on fund (a farmer is obliged to fulfil one more condition for his loss compensation payout – to have an adequate commercial insurance agricultural policy). There are predicted bonuses for all participants: 1. state – should operates with the exact budget for the agricultural losses with no additional „impuls“ losses' payments, 2. farmer – has guarantee of losses' payments/compensations, if he participates on the system, 3. insurance company - increasing of total amount of premiums, increasing of the market saturation.

2. After the experiences in different countries, do you still think that several risks like drought, floods or hurricanes are not insurable risks in many countries?

Regarding to the floods and storm risks – there are insurable in SK in the limited form and in general way insurers imply them to the policies.

The hurricane risk is relatively low in the SK geographical area.

According to the high risk and current farmers' financial situation (contra high insurance premium for this type of risk) Slovak agricultural insurers still consider the drought as almost non-insurable risk or insurable in very limited way (in some Slovakia areas there is a high frequent occurrence and that's why this risk could be insured only for the very high premium).

3. How do you think that the present agricultural insurance systems and other system of management of crises will develop, in the medium and long term?

Although the situation in SK had improved slowly, the market penetration for crop insurance is about 35%, some insurers declare even lower. This situation is a result of the farmers' unfavourable financial situation and on the other hand result of state systemless disaster damages' support which some farmers rely on constantly.

On the present all concerned finally start to realize that insurance companies are exactly the institutions being able to solve the problems in agricultural risks system the best and with maximum transparency, with the proper state support on agricultural insurance payments.

4. The farmers, at least in Spain, are demanding insurance coverage for the crisis management of markets or income insurances within the present agricultural insurance framework. Do you think that the insurances companies have enough economic-technical scope to answer this demand?

No statement at the moment (expects more information and time to tackle the issue).

5. What actions, in your opinion, should be taken by the insurances companies to improve the present level of establishment of the agricultural insurances? What are the activities that your Organization is doing to encourage the agricultural insurances?

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See answer 1. arcitle marked at the beginning by **blue**

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