

**UPA 7° CONGRESO FEDERAL
Madrid 10, 11 y 12 diciembre 2009
JORNADAS INTERNACIONALES SOBRE
GESTION DE RIESGOS AGRARIOS**

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Vice President Copa-Cogeca WP Insurance and social questions

MESA REDONDA SOBRE GESTION DE RIESGOS



**CRISES CAUSED BY WEATHER DISEASES AND
EPIZOOTIE CAN SEVERELY DESTABILIZE MARKETS AND
DEVASTATE AGRICULTURE
THEY CAN AFFECT**

- food availability
- food security
- food prices

**IT IS IN THE INTEREST OF ALL CITIZENS TO MAINTAIN
AN UP TO DATE, COMPETITIVE, HIGH QUALITY
EUROPEAN AGRICULTURAL SECTOR**

- Public support for risk and crisis management in order to prevent and react to crises in the most efficient way is therefore of major advantage for farmers, consumers and society in general. The availability of public risk management instruments for farmers has considerably declined in recent years

REG.73/2009
CONTRIBUTION TO THE COST OF INSURANCE
PREMIUMS (ART.70)

COPA underlined that it affects direct payment support with respect to state aid (need for additional funds)

THE NETHERLANDS, ITALY, FRANCE AND GREECE have applied these measures

FRANCE	M€ 100
ITALY	M€ 70
GREECE	M€ 74
THE NETHERLANDS	M€12

SUPPORT TO MUTUAL FUNDS FOR ANIMAL AND PLANTS DISEASES AND ENVIRONMENTAL ACCIDENTS (ART.71)

FRANCE M€ 40 million from 2011

STATES HAVE APPLIED THE EU FRAMEWORK THE NETHERLANDS ITALY FRANCE GREECE

NATIONAL AID SCHEME

FRANCE - ITALY - will remain in the national aid scheme for events not covered by the EU regime - Italy has also applied the CMO Wine regulation

SYSTEM OF PUBLIC / PRIVATE

THE NETHERLANDS – ITALY - FRANCE

farmers taking out policies with private insurance companies who operate in the free market and compete with each other

FUNDS COME FROM THE CAP

The EU contribution will be paid to farmers who enter into insurance contracts

POLICIES

ITALY - THE NETHERLANDS almost all farmers enter into insurance policies through farmers' organizations that negotiate the terms with the companies in the commercial market



WHY FEW STATES HAVE IMPLEMENTED THESE MEASURES?

The reasons vary -the agriculture and legal systems differ across the MSs

SPAIN - the European scheme does not fit entirely with the national aid scheme.

GERMANY - does not want to reduce direct aid

OTHER STATES - still consider insurance costs too high

OTHER EAST EUROPEAN COUNTRIES - risk management tools are not yet perceived as possible tools for farmers in the future

Group RMI has analyzed the reasons why few states have implemented these measures.

THE LEVEL OF DEVELOPMENT OF AGRICULTURAL INSURANCE IN EACH COUNTRY IS MAINLY LINKED TO TWO DECISIVE FACTORS:

- **THE NEEDS FACED IN EACH COUNTRY** (risk levels are different)
- **THE ECONOMIC SUPPORT GIVEN BY EACH MEMBER STATE TO THE INSURANCE SYSTEMS**



THE FEASIBILITY OF THE MEASURES IS HAMPERED BY PARTICULAR REASONS THAT ALL ORGANISATIONS PARTICIPATING IN THE GROUP HAVE EMPHASIZED

COMPATIBILITY BETWEEN EU SCHEMES AND STATE AID

EU SCHEMES SHOULD BE COMPATIBLE WITH STATE AID

One can note that in Europe there is no comprehensive yield insurance without public support

The amount of support provided by EU Member States to subsidise insurance premiums varies depending on a country's policy to promote a particular type of cover



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**THRESHOLD MINIMUM DAMAGE
30% OF THE PRODUCTION**

TOO HIGH

- **limits its applicability**
- **high in relation to the income**

The application for the total farm production is too punitive, especially for certain crops which will never reach 30% of lost production, such as cereals. THE DEFINITION IS STRONGLY INFLUENCED BY WTO AGREEMENTS

QUESTION

WHAT TO DO IN ORDER TO OVERCOME SUCH LIMITATIONS?



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REINSURANCE

The lack of a public reinsurance guarantee could limit the development of an efficient insurance system

Contribution for reinsurance should ensure an appropriate benefit for farmers

It should permit offers from insurance companies for innovative contracts for which there is insufficient historical, statistical data.



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KNOWLEDGE AND INFORMATION OF DATA

The variability of production and income is far from uniform across the EU

Meteorological databases and agrometeorological parameters are important and insufficiently researched

EU could set actions to set up an EU database of relevant data, furnished by national databanks, in which all can share information regarding crucial data at a farm level



LIVESTOCK

National governments and European institutions generally underwrite the major part of the direct losses, particularly the value of destroyed animals.

Consequential losses, such as losses resulting from empty buildings and movement standstills, are almost always completely borne by the farmers themselves if not insured privately

Some State provides subsidies for insurance against damage or consequential losses due to livestock epidemics (e.g. Spain, Italy and the Netherlands).

ALSO IN THIS CASE THE REG.73 STIPULATES LOSSES UP TO THE THRESHOLD IN CONTRAST TO THE PROVISIONS OF THE SCHEMES FOR REG. 1857 FOR STATE AID.

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REVENUE INSURANCE

In the current situation, with very heterogeneous positions of Member States and very different levels of risk, it seems difficult to propose a common homogeneous insurance system, but some types could be of some interest

- **REVENUE INSURANCE**
- **INDIRECT INDEX INSURANCE**



**THE CRUCIAL POINTS ACROSS ALL THE MSs
DISCUSSED IN THE RMI GROUP
ARE**

- 1) What is the added value for everyone of a European approach to the risk management for climatic, sanitary and economical issues in the post-2013 CAP reform?**
- 2) Given that the future CAP budget will not increase, how to develop an efficient private risk management without affecting existing provisions, but that would bring added value to the farmers?**
- 3) How to develop a more attractive risk management system under WTO rules?**

***THANK YOU FOR
YOUR ATTENTION
THIS AFTERNOON***

