

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION NO.1514
TO BE ANSWERED ON THE 11TH FEBRUARY, 2020

REJECTION OF CROP INSURANCE CLAIMS

1514. SHRI SUSHIL KUMAR SINGH:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

- (a) whether there is an increase in the number of rejection of claims in various crop insurance schemes by the private sector insurance companies;
- (b) the number of insurance claims made by the farmers, the number of claims that were accepted and the number of claims that were rejected from January 2015 to December 2019, year-wise, State-wise and insurance company-wise;
- (c) whether the private companies have complied with the clause of returning the premium amount of farmers in the circumstances wherein the companies end up rejecting the claims of the farmers;
- (d) if so, the total monetary value of premium returned to the farmers, State Governments and the Union Government respectively from the year 2015 to December 2019, year-wise and insurance company-wise; and
- (e) if not, the reasons therefor and the actions taken by the Government in this regard?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण मंत्री (SHRI NARENDRA SINGH TOMAR)

(a) & (b): No Sir. As per scheme provisions, farmers are indemnified to the extent/percentage of crop losses against the defined Threshold Yield multiplied by sum insured as decided by the State Government. Claim amount for wide spread calamities are calculated based on the yield data arrived from requisite number of Crop Cutting Experiments (CCEs) conducted by the concerned State Government. Claims per hectare are worked out as per following formula:

$$\frac{\text{Threshold Yield (TY)} - \text{Actual Yield (AY)}}{\text{Threshold Yield (TY)}} \times \text{Sum Insured}$$

Where Threshold Yield for a crop in a notified insurance unit is the average yield of best 5 years out of past seven years multiplied by applicable indemnity level for that crop.

However, losses due to localized risks of hailstorm, landslide, inundation, cloud burst & natural fire and post-harvest losses due to unseasonal rains/cyclone/hailstorms are calculated on individual insured farm basis. Hence, farmers have to intimate the loss of their crops to the insurance company/State Government/ financial institutions within 72 hours of these losses. Further 48 hours have been provided for, intimation by State Government/financial institutions to the insurance companies. These claims are assessed by a joint committee comprising representatives of State Government and concerned insurance company.

However, there is no need to file the crop loss information as the claims are being calculated on the basis of shortfall in yield at the end of season, prevented sowing and for on account payment. These claims are settled on the basis of Area Approach and yield data/crop damage report provided by concerned State Government.

Therefore, insurance companies have a little role in rejection of claims under the scheme. State-wise number of intimation of crop losses for individual farm level claims are being collected.

However, Government undertakes close monitoring of the scheme and resolve the yield data related issues for calculation of claims between State Government and insurance companies through Technical Advisory Committee (TAC) at Central level.

(c) to (e): As per provisions of the PMFBY banks remit the premium to insurance companies within stipulated cut-off date and submit the individual farmer-wise details within 15 days after the cut-off date and upload requisite details of individual farmers within 15 days after the cut off date on National Crop Insurance Portal (NCIP). Similarly, non-loanee farmers can also enrol themselves either directly on the portal or through Common Service Centres (CSCs), banks, insurance intermediaries etc. on the NCIP and they have to upload the requisite detailed information and documents, Aadhar Number and remit the premium to concerned Insurance Companies. At the time of reconciliation of premium and data sent by the financial institutions/CSCs/ intermediaries, if there is any mis-match between premium and individual farmer's data, the excess premium is returned by the insurance companies to the concerned financial institutions. Further, insurance company also processes the applications and the requisite documents submitted by the farmers, especially non-loanee farmers. If the application or documents are not correct/duplicate documents, they reject the application and return the premium in such cases. Such incidences are reported in some States in respect of some seasons. State-wise/Company-wise details of premium returned to the farmers from inception of the PMFBY are being collected.
