

Current Situation of Agricultural Insurance in Indonesia: Issues and Future Way Forward

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Agricultural Insurance in Indonesia

Started a program of agricultural insurance since the year 2012-2013

Supposed to be 1000 Ha. Per Province : south Sumatra, East Jawa, and West Jawa.

in fact : only 623.12 Ha in south Sumatra, East Jawa, 2013 and 123.4 Ha in West Jawa, 2014

The program involved owned state companies (PT Pupuk Pusri, PT Pupuk Kujang and PT Petrokima Gresik) and owned state insurance company, PT Jasindo

Agricultural Insurance in Indonesia

The premium to be paid is IDR 180,000 / ha which is 80% (IDR 144,000) paid by State Owned Companies and 20% (IDR 36,000) paid by farmers

The sum insured is IDR 6,000,000 / ha is paid when the rice fields were damaged at least 75% due to flood, drought, pest and diseases.

Agricultural Insurance in Indonesia

If damage is calculated to reach a minimum of 75% at harvest time later, then the claim may be filed.

Determination of damage to paddy done visually by Pest Observer.

Rice Production of West Java on 2015

Target :
11,958,316 tons

Due to :

Drought

Decreased 12 % of targeted April-Sept Season

Pest and Diseases

Decreased 3 % of targeted April-Sept Season

Flood

Caused delay of planting season

Predicted based on standing crops on August 2015
11,176,917 tons

Decrease 6.5%

Source : Regional Office of Food Crops Service, West Java Province

Agricultural Insurance in Indonesia on 2015-2016

Target 2015 :
1,000,000 Ha

Target 2016 :
3,000,000 -
5,200,000 Ha

Distributed to :

16 provinces

West Java:
110.000 ha

October 2015 -
March 2016

Distributed to :

??????

April -
September 2016,

October 2016 -
March 2017

All premium cost will be paid by the government

Source : Ministry of Agriculture

Challenges

Awareness of farmers

Low accessibility and distribution of insurance products

Fields verification by Insurance Company

Determination of damage visually by pest observer : take times, energy and costly

Needed : better formula for determination of damage, cheaper, less human resources, accurate

Thank you for your kind attention

