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Dairy Cattle Insurance: A Necessity for Today's Dairy Farmer

Deepjyoti Roy[1*], A.K. Chaturvedani[2], Jayant Goyal[2], Manju Sahu[1], Keshab Jamatia[3] and R.M. Mishra[4]

[1]Ph.D. Scholar, Department of Veterinary Extension, Faculty of Veterinary and Animal Sciences, Rajiv Gandhi South Campus-Banaras Hindu University, Mirzapur (U.P.) 231001
[2]Assistant Professor, Department of Veterinary Extension, Faculty of Veterinary and Animal Sciences, Rajiv Gandhi South Campus-Banaras Hindu University, Mirzapur (U.P.) 231001
[3]Ph.D. Scholar, Department of Veterinary and Animal Husbandry Extension Education, Faculty of Veterinary & Animal Sciences, West Bengal University of Animal & Fishery Sciences, Kolkata (West Bengal) 700037
[4]Ph.D. Scholar, Department of Veterinary Gynaecology and Obstetrics, Faculty of Veterinary and Animal Sciences, Rajiv Gandhi South Campus-Banaras Hindu University, Mirzapur (U.P.) 231001

Introduction

The livestock sector plays a substantial role in the national economy, particularly in rural regions. In addition to providing sustenance to impoverished and landless farmers, the extra income generated through livestock breeding is a vital source of support for farmers facing challenges in crop production. Cattle are highly esteemed as valuable assets within the farming community. Raising cattle significantly contributes to the income of marginal, small, and medium-sized farmers. Given the critical role cattle play in farmers' livelihoods, securing cow insurance is imperative to ensure comprehensive coverage against cattle losses. To bolster the livestock industry, it is believed that establishing a safeguard mechanism for farmers and cattle breeders against potential animal losses, in addition to implementing more effective disease management methods and enhancing animal genetic quality, is essential. Cattle insurance represents an endeavor by the Indian government to safeguard the nation's agricultural economy. Livestock insurance safeguards Indian farmers from financial hardships resulting from the demise of their livestock. Cattle are costly, and their loss can plunge farmers into a cycle of debt. Cattle insurance offers complete protection against livestock losses. Recognizing the significance of safeguarding farmers against livestock losses, the Government of India initiated the Livestock Insurance Scheme, initially as a pilot program in 100 selected districts during the 10th Five Year Plan (2005-06 and 2006-07) and the 11th Five Year Plan (2007-08). Since 2008-09, this initiative has been systematically extended to 100 newly chosen districts across the country. The policy covers crossbred and high-yielding cattle and buffaloes up to their current market value, with a 50.00 percent subsidy on the insurance premium provided by the Central Government. Each beneficiary can claim compensation for a maximum of two animals for up to three years. The Livestock Insurance Scheme was launched with a dual objective: to shield farmers and cattle owners from animal losses due to mortality and to showcase the advantages of livestock insurance to the public, with the ultimate aim of enhancing the quality of livestock and their products. Numerous private insurance companies, including HDFC Ergo, Reliance General, ICICI Lombard, TATA AIG, Oriental Insurance, and SBI General, are actively participating in this initiative.

Implementing Agency and Executive Authority of Livestock Insurance Scheme

The Department of Animal Husbandry, Dairy, and Fisheries is executing the Centrally Sponsored Scheme known as the National Project for Cattle and Buffalo Breeding (NPCBB) with the aim of enhancing the genetic quality of cattle and buffalo through artificial insemination and the acquisition of proven indigenous animals. NPCBB is carried out in partnership with State Implementing Agencies (SIAs), such as State Livestock Development Boards. This approach is designed to foster cooperation between NPCBB and the Livestock Insurance program, and nearly all states have opted to participate in NPCBB. However, in states not adopting NPCBB or those lacking SIAs, the livestock insurance plan will be administered by the State Animal Husbandry Departments.

The Chief Executive Officer (CEO) of the State Livestock Development Board will serve as the executive authority for this scheme. In areas where such boards do not exist, the Director of Animal Husbandry will assume this role. The CEO is responsible for implementing the program across various districts, utilizing the highest-ranking official of the Animal Husbandry Department in each district. The State Government must issue the necessary orders to facilitate this.

The funds from the central government, allocated for premium subsidies, payment of honoraria to Veterinary Practitioners, promotion of awareness through Panchayats, and other purposes, will be managed by the SIA. The Chief Executive Officers will be accountable for overseeing and implementing the scheme as the Executive Authority. The Principal Secretary/Secretary in Charge of Animal Husbandry within the State Governments, along with the Director of the State Animal Husbandry Department, will ensure that the CEO and district-level officers have adequate manpower and logistical support to effectively implement the scheme.

Coverage of Livestock Insurance

Livestock insurance provides coverage for two categories of risks:

a. Cattle death: It covers loss of livestock due to accident or injury, as well as ailments caused by surgical infection.
b. Permanent Disability Insurance: It protects against the danger of permanent and total handicap.

Cattle insurance provides coverage for various situations, including mortality or incapacity due to fire, vehicular accidents, drowning, electrocution, snake bites, or poisoning. Additionally, it extends to risks such as death resulting from natural disasters like storms and earthquakes, as well as mortality due to medical conditions, infections, or complications during calving or surgical procedures. The insurance also encompasses permanent disability, which pertains to milch cows' inability to conceive and produce milk or a bull's inability to reproduce.

Process of Insuring Cattle

Cattle insurance plays a crucial role in rural livestock management. To build trust among cattle owners regarding the effectiveness of the policy, certain prerequisites must be met before the policy becomes active. These prerequisites include the identification of the animal, a veterinary practitioner's examination, an assessment of its value, and the placement of a tag. Additionally, the cattle owner must make a payment of 50.00 percent of the premium to the insurance company or its agent, subject to the insurance company's agreement.

However, it's worth noting that the insurance company may cite a section in the Insurance Act stating that coverage can only commence once the entire premium amount is paid in advance. To resolve this matter, the CEO can negotiate an agreement where a specific sum is paid upfront directly to the insurance provider. This sum should not exceed half of the premium for the expected number of animals to be insured over a three-month period. In return, the insurance company should instruct its branches to issue the policy once 50.00 percent of the payment is received, adjusting the remaining 50.00 percent from this advance.

The insurance company is responsible for preparing monthly statements detailing the policies issued, along with the assessed value of each animal and the

Government's share for each district. These statements should be countersigned by the district officer of the Animal Husbandry Department and submitted to the CEO for reimbursement.

The target for ensuring a certain number of animals within three months for the advance payment to the Insurance Company should be reasonable, and the reimbursement of the advance should depend on the progress achieved by the insurance company.

Before determining the promised sum, the initial step involves identifying the livestock and evaluating their value. The insurance covers animals up to their current market value, assessed collectively by the beneficiary, authorized veterinary practitioner, and insurance agent. Individual recognition of the insured animal is crucial during insurance claims, so ear tagging should be as accurate as possible. This can be done traditionally or using modern technology like microchips. The cost of installing the identifying mark is borne by the insurance firms, while the responsibility for maintenance falls on the beneficiaries, who must agree with the insurance company on the type and quality of tagging materials.

When processing an insurance proposal, one photograph of the animal with the owner and another photograph clearly displaying the ear tag must be taken. Veterinary practitioners should advise beneficiaries on the importance of these tags for claim settlement.

As per the policy, beneficiaries are required to pay the premium amount on a monthly or yearly basis. In the unfortunate event of livestock mortality or disability, beneficiaries should promptly notify the insurance company, provide all necessary documentation, and have an insurance company representative verify the documents to settle the claim.

If the animal is sold or transferred to a new owner before the policy expires, the beneficiary must transfer the policy authority for the remaining duration to the new owner. The procedures for transferring livestock policies, including fees and sale deeds, should be established when entering into a contract with the insurance provider.

This insurance policy covers various types of animals, including cows, bullocks, or buffaloes of either sex, crossbred and exotic cattle owned by private individuals, military dairy farms, cooperative dairies, and corporate dairies. It applies to both animals covered under specific schemes and those not covered under any schemes. Animals subsidized by the National Livestock Development Board (NLDB) and the State Livestock Development Board (SLDB) are considered as "schemed animals."

Table 1. Age-wise group of animals eligible for insurance

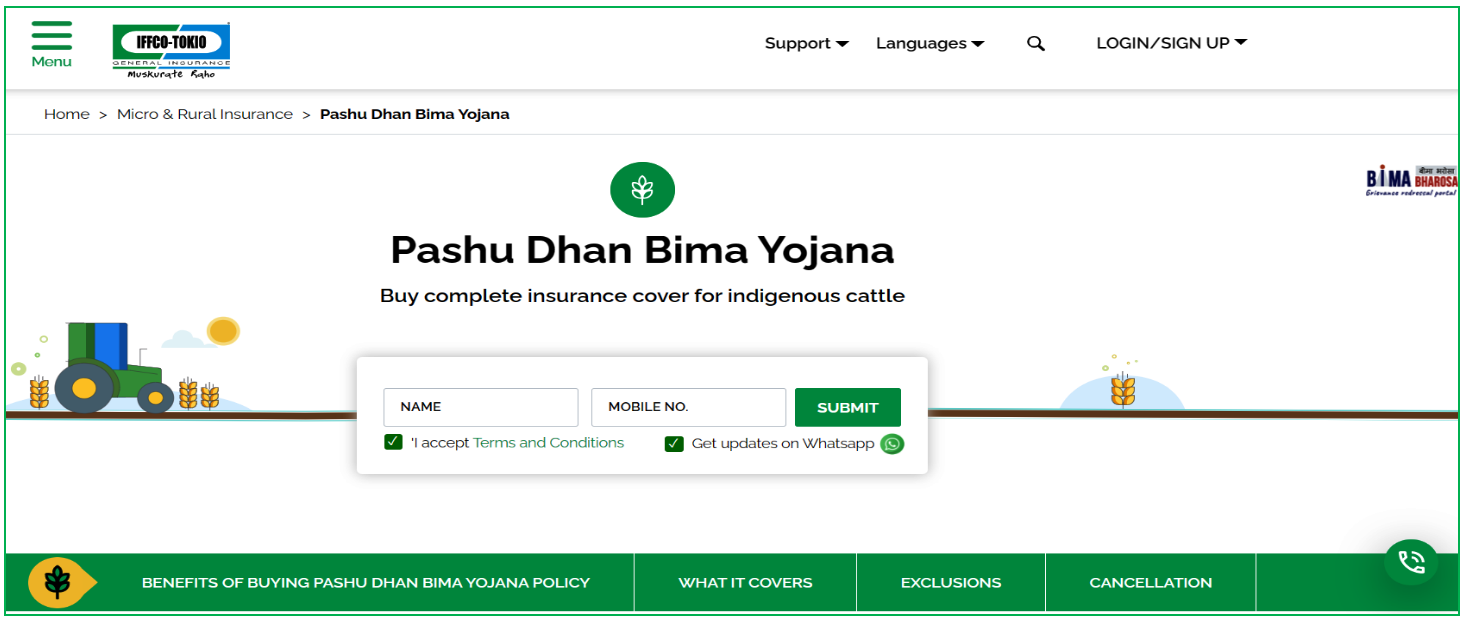
Animal Type	Animal Age
Milch Cows	2 yrs/or age at 1st calving – 10 yrs
Milch Buffaloes	3 yrs/or age at 1st calving – 12 yrs
Stud Bulls	3 yrs – 8 yrs
Bullocks & Male Buffaloes	3 yrs – 12 yrs
Female Calves/ Heifers	From age of 4 months – 2 yrs/ 1st calving age, whichever is lower
Milch Cow's offspring	From age of 4 months – 2 yrs/ 1st calving age, whichever is lower
Milch Buffaloes offspring	Up to 3 yrs/1st calving age, whichever is lower

(Source: https://www.paisabazaar.com/rural-insurance/cattle-insurance/)

Under the centrally sponsored Livestock Insurance scheme, female cattle and buffalo that produce a minimum of 1500 liters of milk in each lactation are considered high yielding and can be insured for their full market value through the program. It's important to note that this policy excludes animals already covered by any other insurance scheme or plan.

Subsidy benefits are limited to a maximum of two animals per recipient, and this subsidy is applicable only for a one-time insurance of an animal for up to three years. It is advisable to encourage farmers to opt for a three-year policy, as it proves to be more cost-effective and provides greater value. This extended coverage becomes particularly beneficial in case of natural disasters such as floods and droughts, ensuring that farmers receive the full insurance benefit during challenging times.

Fig.1. Home page of IFFCO-TOKIO Pashu Dhan Bima Yojana Website



(Source: https://www.iffcotokio.co.in/hindi/micro-rural-insurance/pashu-dhan-bima-yojana)

Settlement Of Claims

In the context of the centrally sponsored Livestock Insurance scheme, female cattle and buffalo that yield a minimum of 1500 liters of milk per lactation are categorized as high-yielding animals and can be insured for their entire market value under this program. It's essential to emphasize that animals already covered by any other insurance scheme or plan are not eligible for this policy.

The subsidy benefits are restricted to a maximum of two animals per beneficiary, and this subsidy is applicable solely for a one-time insurance of an animal, with coverage extending up to three years. It is advisable to encourage farmers to select the three-year policy option as it offers greater cost-effectiveness and overall value. This extended coverage proves especially valuable in the event of natural disasters like floods and droughts, ensuring that farmers can access the full insurance benefits during challenging circumstances.

The following papers must be supplied in order to receive the claim amount:

a. Proposal form.
b. Veterinary doctor's certificate of health.
c. 4 photographs of the covered animal.
d. A correctly filled out claim form.
e. A receipt for payment made when the animal was purchased.
f. Identification tag of the insured livestock.

To process livestock insurance claims, the following processes are taken:

a. The owner should promptly notify the insurer of the death/injury by calling the provider's 24-hour toll-free customer service line.
b. Obtain a death certificate or a certificate of disability from a veterinary practitioner.
c. Submit the duly completed claim form along with the death/disability certificate.
d. An authorized member of the insurance company will visit the site and verify the submitted details.
e. If the claim is found to be genuine, the amount is paid to the beneficiary; otherwise, it is rejected.

Although the cattle insurance is intended to protect the majority of rural Indians who own cattle, the claim is non-payable under the following scenarios. Some examples of exclusions are:

a. Theft or illegal selling.
b. Transportation by air or water.
c. Terrorism, violence, radiation, and nuclear explosions are all examples of threats.
d. Neglect, overburdening, and treatment by unskilled doctors.
e. Using for purposes other than those specified in the claim proposal.
f. Failure to treat when sick or failure to take any action to prevent death.
g. Accidents or injuries that occurred prior to the start of the policy.
h. Slaughtering without permission from a veterinary or government official.

The insurer must settle a livestock insurance claim within 30 days of the claim being submitted, according to Insurance Regulatory and Development Authority of India (IRDAI) regulations. If more research is required, the bank may take up to six months to resolve the claim.

Summary

The salient points to be noted include the following:

i. Livestock insurance provides coverage for two categories of risks: Cattle death and permanent disability.
ii. The beneficiary, authorized veterinary practitioner, and insurance agent will all assess the market value of the animal to be covered.
iii. At the time of the insurance claim, the animal insured must be correctly and individually recognized.
iv. While ensuring the animal, it must be ensured that clear procedures for claim settlement are in place, and that all relevant documentation are mentioned and made available to affected beneficiaries along with the policy paperwork.
v. Subsidy benefits are limited to two animals per recipient and are only available for one-time insurance of an animal for a maximum of three years.
vi. The insurer must settle a livestock insurance claim within 30 days of the claim being submitted, according to Insurance Regulatory and Development Authority of India (IRDAI) regulations.

Conclusion

It is imperative that farmers protect themselves from any financial loss due to mortality or morbidity of their livestock. Insuring the animals against different mishaps is one of the best ways to do so. Small farmers need to be provided with better and highly beneficial schemes that outweigh the cost of procuring insurance for their animal. The insurance companies should ensure that the farmers get the insured sum in a timely manner so that they would not have to bear the brunt of losing income from loss of a productive animal. This will result in fostering trust among the farmers towards insuring their animal and profit both companies as well as farmers in the long run.