



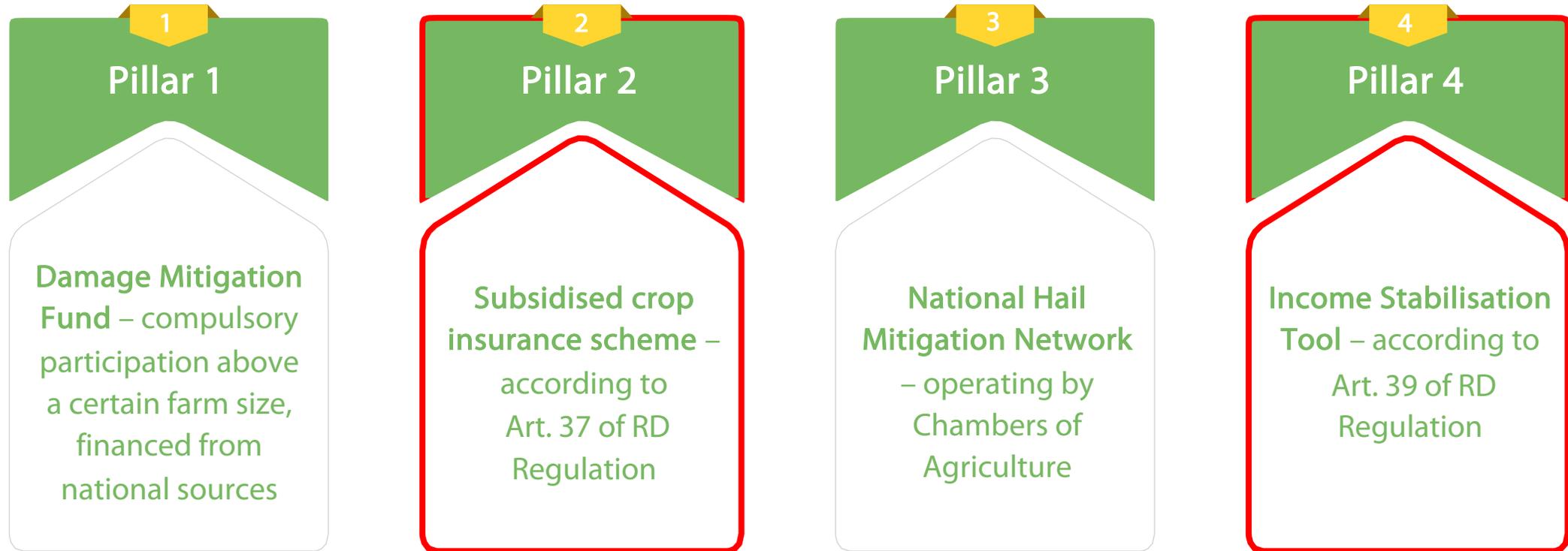
## Risk management measures in Hungary

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# Risk Management Measures in Agriculture in Hungary



# Subsidised crop insurance scheme – Pillar 2

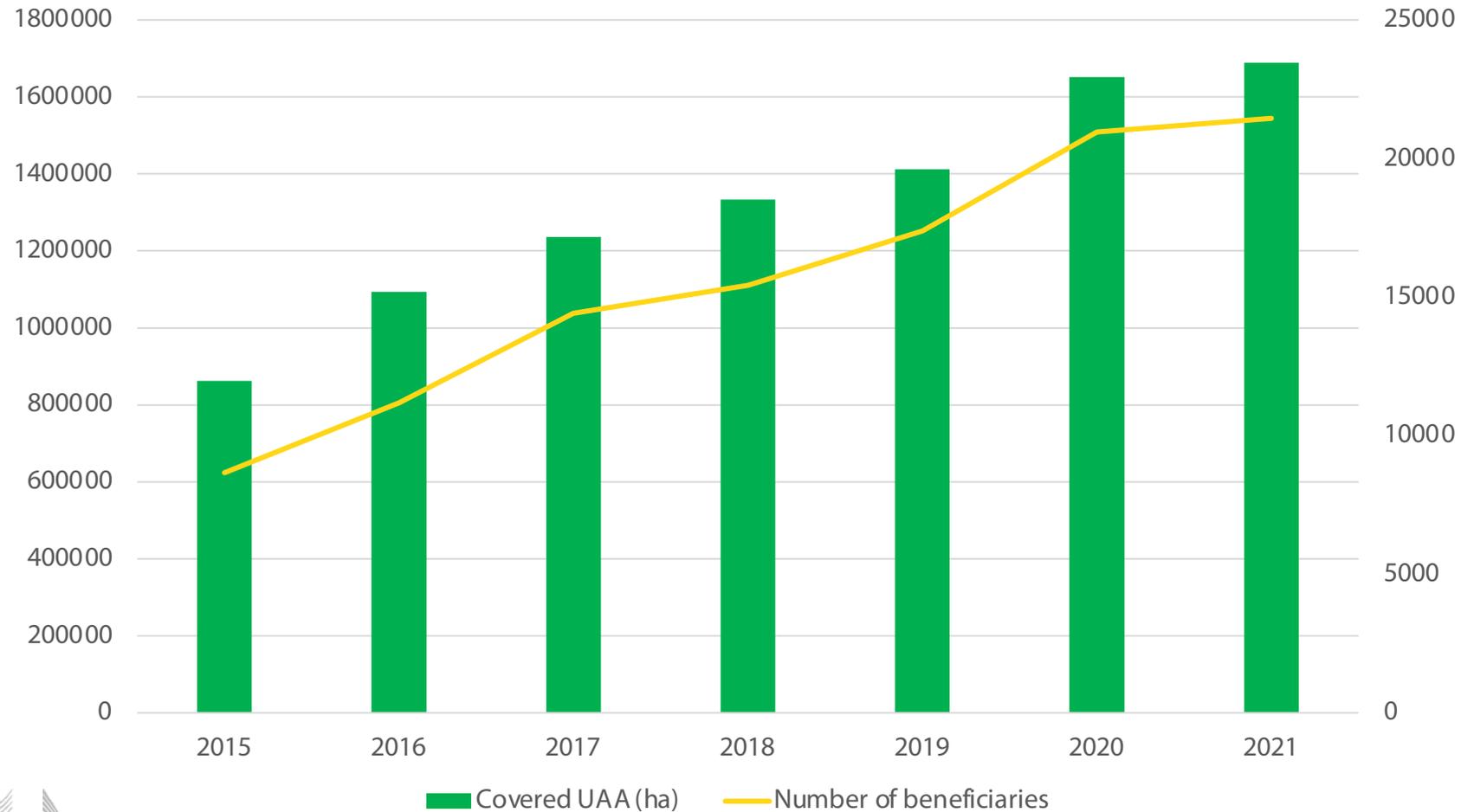


		Crop insurance		
		Type A	Type B	Type C
Covered weather risks	Hail	Multi peril crop insurance	Single peril	Single peril
	Storm		Single peril	Single peril
	Frost (spring, autumn, winter)		Varies depending on insurance company	Varies depending on insurance company
	Drought			
	Cloudburst		Single peril	Single peril
	Flood		Single peril	Single peril
Contribution level	Max. contribution	70%	70%	70%
	Min. contribution	55%	40%	40%
Crops	Insurable crops	Most frequently grown	Plantation (fruit + vegetables)	Any others arable crops

# Main attributes of the subsidised crop insurance scheme



## Covered utilised agricultural area (UAA) and number of beneficiaries

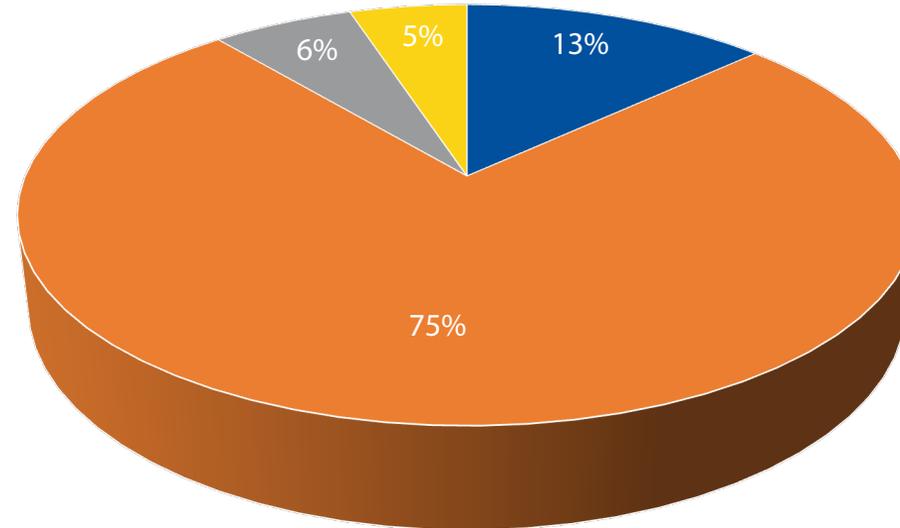


# Subsidised crop insurance scheme – Pillar 2

The most frequent weather risks in 2021



Share of insurance payments by weather risk in 2021

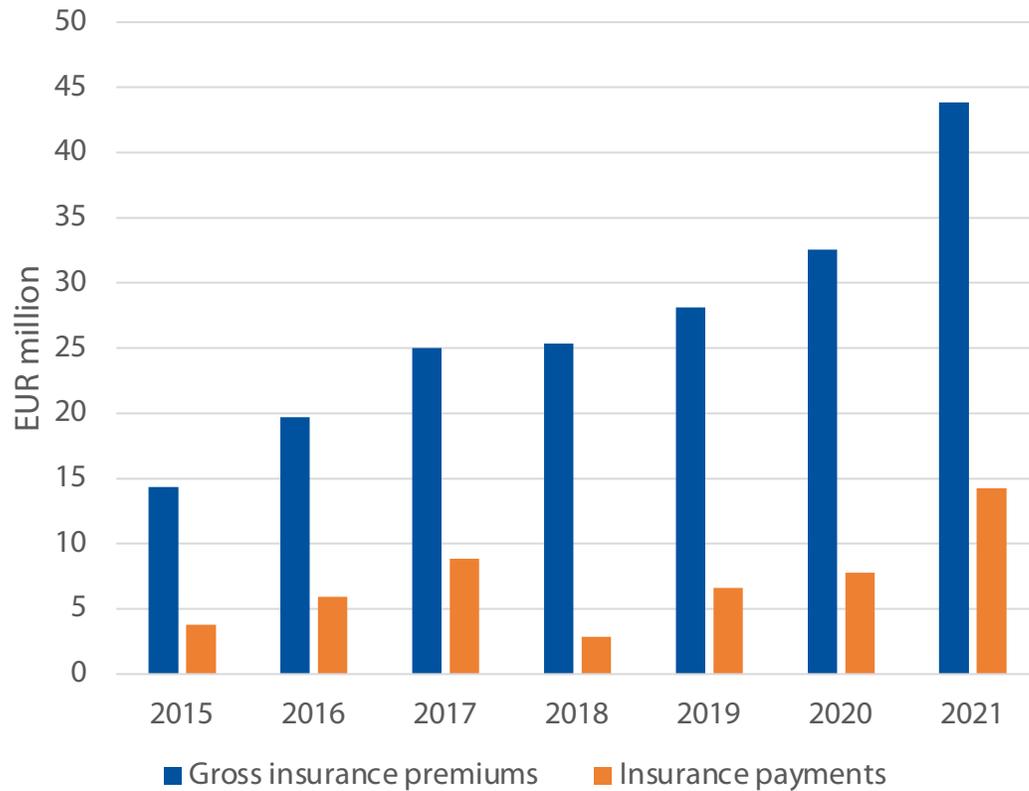


■ Drought ■ Hail ■ Spring frost ■ Storm

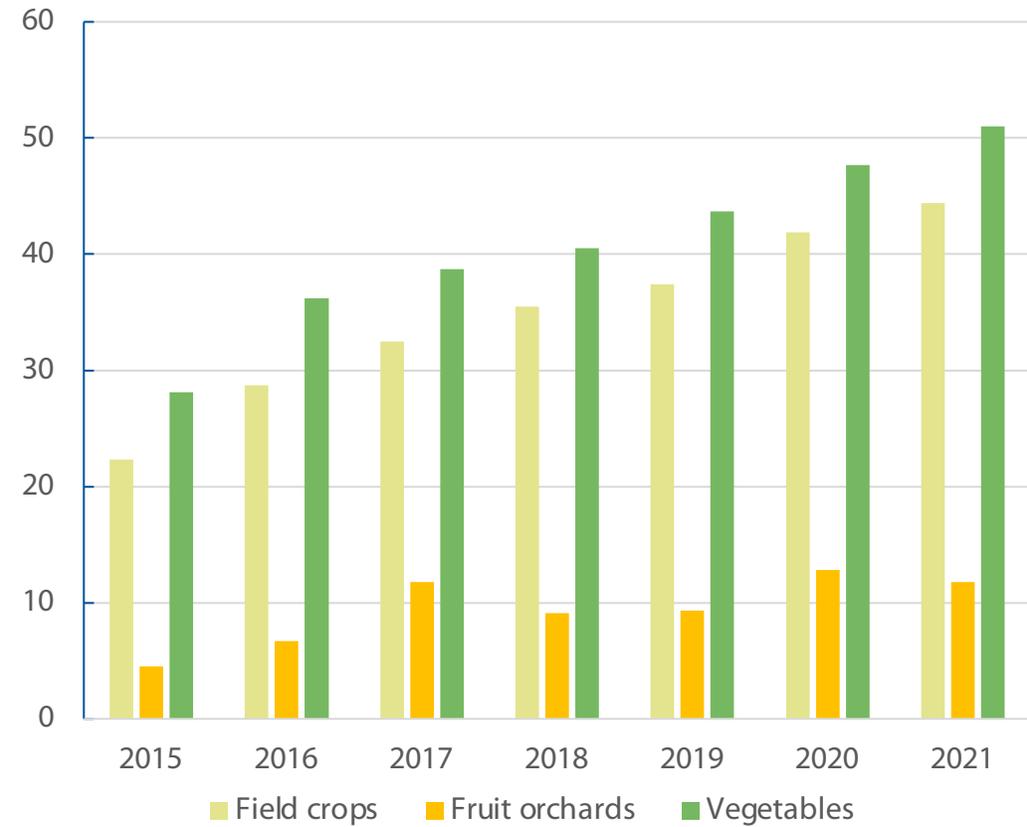
# Main attributes of the subsidised crop insurance scheme



Evolution of gross insurance premiums (revenues) and insurance payments (EUR million)



Coverage penetration by type of crops (%)





## Income stabilisation tool – Pillar 4

# Income stabilisation tool – Pillar 4

## Concept



- Setting up a Mutual Fund with voluntary participation of farmers
- Resources of the Fund= Farmer's contribution (depending on the size of utilised area and livestock) + CAP subsidies
- Eligibility: drop of income in the current year exceeds 30% of the average annual income in the preceding 3-year period (reference income)
- Compensates for less than 70% of income lost



# Income stabilisation tool – Pillar 4

## Achievements

- Set up the Income Stabilisation Fund – operated by State Treasury
- First accession period February 2021 – 138 members, with the second accession period rose up to 200 members
- Data transmission from farmers relating to reference years (2018, 2019, 2020, 2021)
- Decision on payment of contribution (depending on UAA and livestock)
- Payment of contribution (September)
- Decision on reference incomes (made by State Treasury)
- Application for compensation

# Income stabilisation tool – Pillar 4

## Experiences until now



### Good news

- Started operating well
- Attended 200 farmers in the first 2 years
- Appropriate response to **price** (e.g. market shocks) and **production risks** (e.g. pests, diseases) which were not insurable by other risk management instruments
- Low cost measure using administrative data

### Bad news

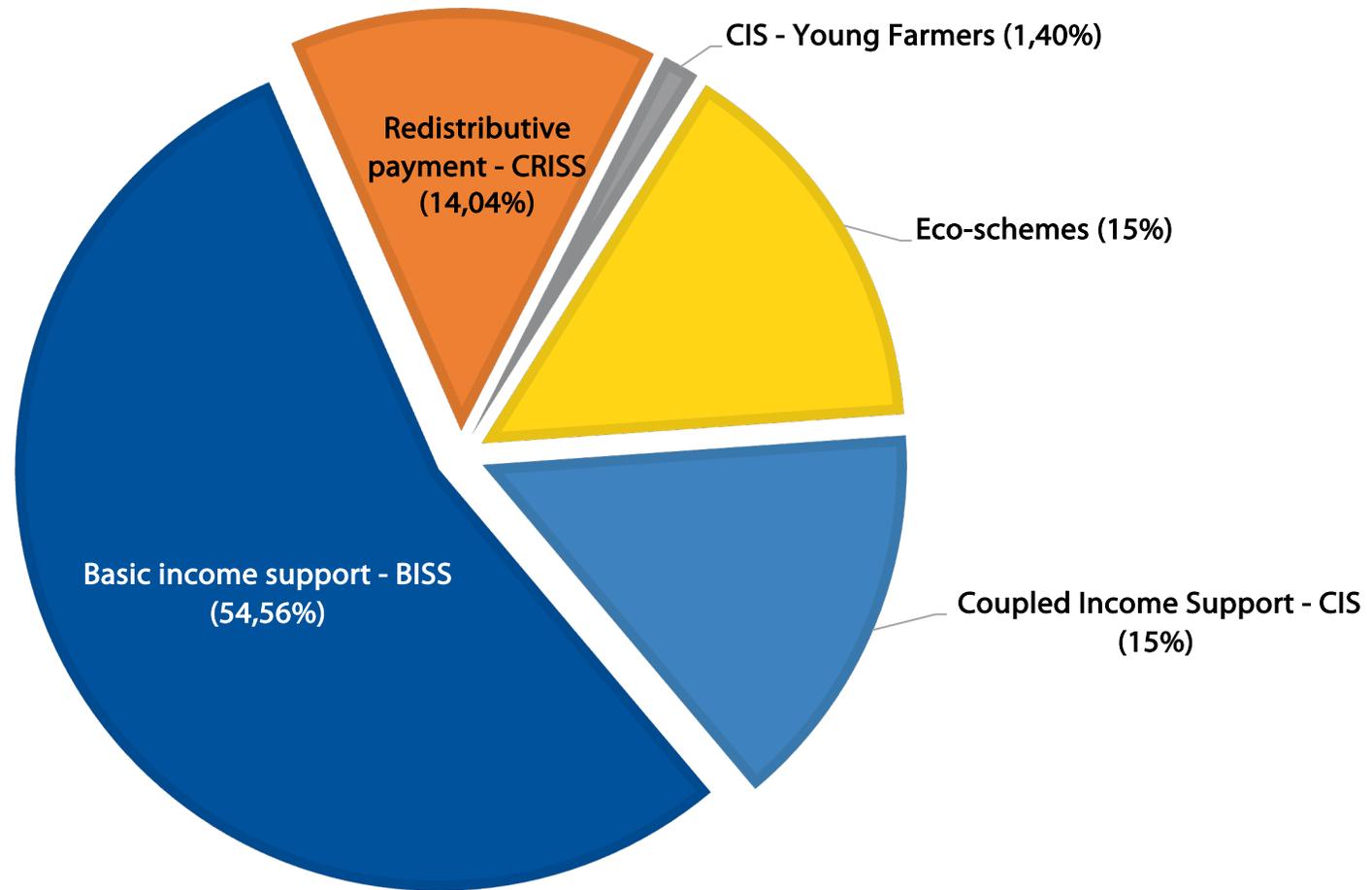
- Complicated processes (multiple data transmission from farmers)
- Barely transparent methods of calculating income losses
- Fairly long time until getting the compensation
- Big needs for compensation vs. Strong limited resources (bottleneck)

# Resilience and sustainability

## Other standard instruments in the CAP Strategic Plan (2023-2027)



■ Basic income support (BISS) ■ Redistributive payment (CRISS) ■ Payment for young farmers (CIS-YF) ■ Eco-schemes ■ Coupled income support (CIS)





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