



Risk management measures

Mauro Serra Bellini, Head of Risk Management Measures, Ministry of Agricultural, Food and Forestry Policies, Italy

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Evolution of insured values, insurance premiums and number of insured farms in the last three years – Crop insurance

Insured values (EUR)

2019	2020	2021	Var. 20/19	Var. 21/20
6.164.395.955	6.232.801.226	6.506.401.777	1,1%	4,4%

Insurance premium (EUR)

2019	2020	2021	Var. 20/19	Var. 21/20
502.057.863	560.524.657	610.774.670	11,6%	9,0%

Number of insured farms

31/12/2019	31/12/2020	31/12/2021
88.195	96.107	102.880

Goals for the new CAP 2023-2027



Despite the good results achieved by the implementation of the NRDP 2014-2022, the subsidised insurance system is still facing many structural limits:

- ✓ small number of insured farms, heterogeneous sectoral and territorial distribution of risk insurance policies causing adverse selection;
- ✓ progressive increase premium prices;
- ✓ lack of some types of insurance policies no longer economically affordable;
- ✓ limited use of "complementary" risk management tools.



A change strategy of risk management toolkit should be applied. Active and passive defense tools should interact in order to improve the entire system.

Risk Management measures



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First level

NATIONAL MEASURES

MeteoCAT Fund – mandatory insurance working as a 'conditionality' to be eligible for risk management system. It allows to cover at least 50% of national average CAT damages.

Second level

NATIONAL MEASURES

Subsidised policies, mutuality funds and reinsurance are strictly connected to the adaptation and risk mitigation phase

Third level

REGIONAL MEASURES

Prevention and mitigation measures, risk assessment, risk preparation and ex post intervention.

The National Mutual Fund: AgriCAT



Purpose

- 1
 - Improving risk management tools, especially for catastrophic risks
 - Increase the number of participating farmers and the custom of risk management
 - Make efficient and effective public measures (territorial and sectoral rebalancing)
 - Promote Interaction and complementarity among different risk tools

Intervention

- 3 Coverage of losses caused by catastrophic events (flood, frost and drought), which exceed a threshold of at least 20 % of the average annual production

AgriCAT

Financial instruments

- 2 Contribution: 70% public and 30% private → Assign up to 3 % of the direct payments to be paid to a farmer for the farmer's contribution to a risk management tool (Art.19 Reg. 2115/2021).

Compensation

- 4 Use of "Value index".
Policy provisions (overdrafts, ceilings, entry into coverage, etc.) provided by the mutual coverage.



Compensation paid by the Fund: the Index Value

In case of farms covered by the National Mutual Fund and not insured for damage caused by catastrophic adversities, compensation can be calculated using a proper value index proportionate to the average variable production costs for crops affected by the adverse event.

This follows the methodology of "Standard Value" (SV).

The Index Value is the maximum amount of compensated per hectare/unit per product. A list of products and related Index Values are attached to the Annual Risk Management Plan.

For all of those products for which cannot be calculated the Index Value due to lack of data, related Standard Value methodology shall be applied.

Mechanism to avoid overcompensation



1. Ex-ante demarcation between measures (whenever possible)
2. The specific information system for risk management measures, so-called "Risk Management System" (SGR), integrated into the SIAN platform, ensures to avoid any form of overcompensation resulting from the combination of the interventions under the Art. 76 of Reg. 2115/2021 with other public or private risk management regimes.

The system is integrated with the agricultural risk database established under the Decree published on the 18th of July, 2003 (Mipaaf). It is based on the services available by the register of agricultural companies (Decree n.503/99).

3. With regard to the SRF 04 intervention (AgriCAT), further checks are carried out by Paying Agency at the moment of calculation of compensation to disburse in favour of the farmers. Check is carried out according to Winding-up list sent by the Fund manager and based on list of compensation sent by Insurance Companies and Mutual Funds.



Key elements

- Public support under this sub-measure covers financial contributions to premiums for crop, animal and plant insurance against economic losses to farmers, more than 20% of the historical production, caused by adverse climatic events, animal or plant diseases, pest infestation, or an environmental incident.
- Public support covers up to 70% of the insurance premium.
- The types and coverage of eligible risk are listed in the risk management plan, annually issued by Mipaaf.
- In the current NRDP, financial budget sub-measure 17.1 is EUR 2.156.355.873,53. Up to present date, commitments have been made for EUR 1.865.552.882,26 and payments for EUR 1.813.594.065,5.
- The budget for 2023-2027 CAP is EUR 1.486.391.837,30 of national expenditure and EUR 665.907.474,58 of the Union contribution.

Measures SRF02 and SRF03 – ex sub-measures 17.2 e 17.3



Prior official recognition

Mutual Funds

Public support under this sub-measure covers financial contributions to mutual funds to pay financial compensations to farmers, for economic losses caused by adverse climatic events or by the outbreak of an animal or plant disease or pest infestation or an environmental incident that destroy more than 20% of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry (Olympic average)

A minimum number of 700 members is required to establish a Mutual Fund

Income stabilisation tool

The Fund is only granted where the drop of income exceeds 30 % of the average annual income of the individual farmer in the preceding three-year period or a three-year average based on the preceding five-year period excluding the highest and lowest entry (Olympic average).

Current eligible sectors are: fruit and vegetables, olive growing, durum wheat, rice, sugar beet, pig, poultry, cow's milk and sheep's milk.

A minimum number of 150 members is required for the establishment of the IST Fund. In alternative 50 members with a total turnover not less than EUR 10 million

Eligible expenses: membership fees for mutual coverage, establishment costs, interest on commercial mortgages.

Up to now, 11 recognised Funds - about 20.000 members in the year 2021.

Effects of risk management tools on company solvency and credit





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