



Frequently Asked Questions (FAQs)

1. What is Crop Insurance?

Crop insurance is an insurance arrangement aiming at mitigating the financial losses suffered by the farmers due to damage and destruction of their crops due to various production risks.

2. What Crop Insurance schemes are available in the country as on today?

As on 01.03.2016 following central government Schemes are available

- ✓ Pradhan Mantri Fasal Bima Yojana (PMFBY) Insurance
- ✓ Weather Based Crop Insurance Scheme (WBCIS)
- ✓ Coconut Palm Insurance Scheme (CPIS)
- ✓ Unified Package Insurance Scheme (UPIS)

Besides these schemes sector specific schemes are available for various crops sponsored by various boards or on commercial basis.

3. What is the objective of Pradhan Mantri Fasal Bima Yojana?

Pradhan Mantri Fasal Bima Yojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of-

- ✓ Providing financial support to farmers suffering crop loss/ damage arising out of unforeseen events.
- ✓ stabilizing the income of farmers to ensure their continuance in farming
- ✓ encouraging farmers to adopt innovative and modern agricultural practices
- ✓ Ensuring flow of credit to the agriculture sector; this will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

4. What all risks are covered under PMFBY

Natural disaster, pest attacks and weather vagaries such excess or deficit Rainfall , excess or deficit temperature , humidity , frost , windspeed etc.

5. Which crop can be covered under this scheme?

- a. Food Crops e.g cereals , millets and pulses
- b. Oilseeds e.g groundnut
- c. Annual Commercial /Annual Horticulture Crops e.g fruits and vegetables



6. What is the farmer eligibility to be covered under PMFBY?

All Farmer having insurable interest can be covered under these scheme including sharecroppers and tenant farmers. Further, Covered farmer are divided under 2 components:-

a. Compulsory Component: All All farmers availing Seasonal Agricultural Operations (SAO) loans from Financial Institutions (i.e. loanee farmers) for the notified crop(s) would be covered compulsorily. *Any change in crop plan should be brought to the notice of the bank within one week of sowing.*

b. Voluntary Component : The Scheme would be optional for the non-loanee farmers and cultivators. Such farmers desirous of availing insurance under PMFBY for any notified crop in any notified insurance unit ,may approach nearest bank branch/ PACS/ authorized channel partner/ insurance intermediary of insurance company within cut-off date, fill-up proposal form completely in prescribed format. Submit form and deposit requisite premium to bank branch/ Insurance Intermediary / CSC Centers along with necessary documents evidencing of insurable interest.

Scheme also aims a covering maximum farmers under SC/ ST/ and Women Farmers under both these components.

7. What is the extent of coverage available for the crops?

Coverage is not provided for 100% of the crop value. The Sum Insured is basis the cost of input of cultivation of crop. Then basis the riskiness of the crop the level of indemnity is fixed at district and crop level in different levels such as - 70% High Risk, 80% Moderate Risk and 90% Low Risk. State level crop coordination committee in the state approves the respective scale of finance and Indemnity level for notified crop and area prior to tender process in the States.

8. Is there any timeline (Cut-off date) for enrolment for PMFBY ?

As per the PMFBY guidelines and cut off dates vary for different intermediaries and Banks the overall loaning period for covering of loanee farmers under compulsory components would be, for Kharif – April to July and Rabi – October to December.

All enrolments need to necessarily be completed within the cut-off date as defined in the respective State Government notification and farmer share of premium duly remitted by the Bank or Intermediary within the cut off date to the Insurance Company. In case of any delays beyond the cut off date the Insurance company has the right to reject coverage.

9. What is Sum Insured Limit for individual farmer?

Sum Insured for individual farmer is equal to scale of finance per hectare multiplied by area of notified crop by the farmers for insurance. The Sum Insured for different crops in states allocated to New India Assurance for Kharif 2018 and Rabi 2018 can be viewed on the respective States section (www.newindia.co.in)

10. What is the collection process of proposal and premium from loanee farmers?

Loanee Farmer under Compulsory component – Financial institutions : Based on seasonality of Crops, banks should separately calculate the eligibility of loan amount for both Kharif and Rabi seasons. Based on the scale of Finance and declared acreage of individual loanee farmer under notified crops and shall be taken into consideration for compulsory coverage.

Crop loan under Kisan Credit Cards (KCC) are also covered under compulsory coverage through banks and shall maintain all records relating to compliance with these scheme. Nodal Bank will be responsible for collection of proposal and premium from loanee farmer. The bank branches of commercial banks/ RRBs will directly submit the consolidated proposals along with details of insured farmers in the format as governed in the crop insurance portal within the stipulated time.

11. What is the collection process of proposal and premium from Non- loanee farmers?

Non Loanee Farmer under Optional component - Channel partner/ Intermediaries : All those farmers who have not availed the SOA loans and having the insurable interest can be covered simply by visiting to nearest commercial bank or Regional Rural Bank (RRB) or PACS (DCCB) branch. Bank official will assist and guide the farmers related to filling of the proposal form, relevant documents, Sum insured and applicable premium Etc. Operating a bank account is essential for such cases.

Farmers can also visit the nearest CSC/ kiosks ([CSC Loactor website address](#)) with relevant documents such as to Land Record, 7/ 12 Extract or Record of Land Rights, Sowing Certificate, Aadhar /ID Proof, Bank Passbook, Cancelled Cheque, fill up the proposal form([To download Proposal form click here](#)) deposit the premium and avail insurance . They can also visit the official website www.pmfby.gov.in and enrol on their own after depositing the required premium.

Insurance companies retain the right to accept or reject the insurance proposal. In Case of rejection ,premium will be refunded by insurance companies within 1 month of receipt of proposal.



12. What are the Premium Rates charged under this scheme?

Actuarial premium rates to be charged under PMFBY scheme are as follow:-

- For Kharif Crops, the maximum premium rates payable by the farmers is 2 % of Sum Insured or Actuarial premium rate whichever is less.
- For Rabi Crops, the maximum premium rates payable by the farmers is 1.5 % of Sum Insured or Actuarial premium rate whichever is less.
- For Kharif and Rabi Crops, the maximum premium rates payable by the farmers is 5 % of Sum Insured or Actuarial premium rate whichever is less.

13. What is the process to inform the company about crop sown and changes?

In case the farmer changes the crop to be sown, he should intimate the change to insurance company, at least 30 days before cut-off-date for buying insurance or sowing. He can either inform through financial institution/ channel partner/ insurance intermediary/ directly; along with difference in premium payable, if any, accompanied by sowing certificate issued by concerned village/ sub-district level official of the State. In case the premium paid was higher, insurance company will refund the excess.

14. How is the assessment of claim done?

If the Actual yield per hectare of insured crops for the insurance unit (calculated on the basis of requisite no. of CCEs) in insured season falls short of specified Threshold yield, all insured farmer in that defined area and crop are deemed to have suffered shortfall in yield.

'Claim' shall be calculated as per the following formula:

(Threshold Yield - Actual Yield) X Sum Insured

Threshold Yield

Where, Threshold yield is the average yield of past seven years (excluding a maximum of two calamity year(s) as notified by State Government/ UT) multiplied by applicable indemnity level for that crop.

- Settlement of claim to the farmers would commence once premium subsidy from Central and State/ UT Govt. have been received for the season by insurance company.
- After receiving the claim amount from concerned insurance companies, the financial institution/ banks should remit the claim amount to beneficiaries farmer account within 1 week and should display the complete details of beneficiaries at



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branch offices within 7 days and send the report to insurance companies along with utilization certificate for verification and audit.

- c. In case of farmers covered through voluntary basis i.e. Intermediaries, payable claim will be directly credited into individual farmer accounts with an intimation of claim details by insurance company.

15. How is prevented sowing claim applicable for farmers?

Prevented Sowing/ Planting Risk: In case of majority of insured crops of a notified area are prevented from sowing/planting due to adverse weather conditions such as deficit rainfall or adverse seasonal conditions, the insured crops that will be eligible for indemnity claims upto maximum of 25% of the sum-insured.

I. **Coverage :** It is applicable to farmers in case of widespread incidence of eligible risks affecting crops in more than 75% of area sown in a notified unit at early stage leading to total loss of crop or farmer is not in a position to either sow or transplant the crop (or) either sowing or germination of crop due to deficit or excess rain fall.

II. **Eligibility Criteria:** Only those farmers who have paid the premium / the premium has been debited from their account before the damage. The State Government would provide Notified Insurance Unit and crop wise normal area sown at the beginning of the season within 15 days.

III. **Loss assessment procedure:** The cover will be available for major crops only. The payout will be 25% of total sum insured and the policy will be terminated after that.

16. What is the coverage provided during standing crop stage for farmers?

Standing Crop (Sowing to Harvesting): Comprehensive risk insurance is provided to cover yield losses due to non- preventable risks, viz. Drought, Dry spells, Flood, Inundation, Pests and Diseases, Landslides, Natural Fire and Lightening, Storm, Hailstorm, Cyclone, Typhoon, Tempest, Hurricane and Tornado during the standing crop stage.

- a. On account payment of claims due to mid season adversity of claims is applicable for standing crops in case of floods, prolonged dry spells, severe drought etc , where expected yield will be less than 50%.
- b. Eligibility Criteria for farmers who have paid the premium or whose premium has been debited from their account before the damage.

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New India Assurance Company Ltd. Head Office: 87, M.G. Road Fort, Mumbai 400001

Contact Us: 1800 209 1415

Visit: www.newindia.co.in

requisite for payment of claims. The Loss assessor will be appointed and assessment will be completed within stipulated timelines post that the claims will be settled after the loss assessment report is finalized. *(Contact details and Claim form are provided in State wise section of the page).*

Note: Maximum pay-out would be in proportion to cost of inputs, incurred up to the occurrence of insured peril, subject to the sum insured. If the payout under area approach (based on CCEs data) is more than localized losses, the higher claims of two will be payable to insured farmers, subject to receipt of premium, as per scheme guidelines.

19. By when will Insurance Company settle the claims after receiving the Yield data from States?

Subject to receipt and reconciliation of premium, Insurance companies should make payment of final claims based on yield data, within three weeks from the receipt of yield data from the State Govt.

20. Is service tax applicable under this scheme?

PMFBY scheme is exempted from Goods and Service Tax.