

SCHEMES OF COCONUT DEVELOPMENT BOARD OPERATIONAL GUIDELINES



सत्यमेव जयते

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D. COCONUT PALM INSURANCE SCHEME

1. Introduction

Coconut farming is a crucial livelihood source for millions of farmers, particularly small and marginal growers. While coconut palms are categorized as perennial crops, they follow a periodic cropping system similar to seasonal annual crops. However, coconut palms are exposed to significant risks that can lead to complete crop loss or palm loss. Natural disasters such as cyclones, floods, droughts, landslides etc. and unforeseen events like pest infestations and diseases can severely impact coconut plantations, causing substantial financial distress to farmers. Additionally, since it takes 6 to 7 years for a coconut palm to start bearing fruit, crop loss not only affects the current yield but also nullifies the farmer's years of effort, leading to long-term economic hardship.

To mitigate these risks, the Coconut Palm Insurance Scheme (CPIS) was introduced in 2009-10 to provide compensation for the total loss of coconut palms. This scheme acts as a financial safety net, ensuring that farmers are protected against severe and unpredictable risks.

Initially, coconut palms were not covered under the Comprehensive Crop Insurance Scheme or the National Agriculture Insurance Scheme. Recognizing this gap, the Coconut Development Board (CDB) and Agriculture Insurance Company (AIC) proposed a specialized insurance scheme, which was approved for a pilot launch in 2009-10 under the Eleventh Five-Year Plan. Since its inception, the scheme has been implemented by CDB, in collaboration with AIC and State Agriculture/ Horticulture Departments, across all major coconut-growing States.

2. Objective

The Coconut Palm Insurance Scheme (CPIS) aims to support coconut farming by:

- Providing financial assistance to farmers for the loss, death, or irreparable complete damage of coconut palms due to natural calamities, pests, diseases, wild animal attack etc.
- Enabling coconut growers to sustain their livelihood and continue farming without financial distress.

3. Implementing Agency (IA)

The scheme is implemented by Coconut Development Board (CDB) in collaboration with the Agriculture Insurance Company of India (AIC), as the partnering insurance agency responsible for risk underwriting in accordance with CPIS guidelines. The AIC is responsible for developing application forms, ensuring their easy accessibility to applicants, and processing applications and claims within a well-defined timeframe, as mutually agreed upon between AIC and CDB.

Administrative approval of the State Government shall be sought for implementation of the scheme in all major coconut growing States.

4. Eligibility

- i. Participation in the scheme is open to all coconut growing States and Union Territories.
- ii. Individual farmers/ planter/ grower offering at least 10 healthy 'nut' bearing palms in contiguous area/ plot are eligible beneficiaries.
- iii. All palms within a contiguous area must be insured; partial insurance of plantation in a contiguous area is prohibited.
- iv. Healthy 'nut' bearing coconut palms of all varieties i.e. Tall, Dwarf and Hybrids grown as mono or intercropped, on bunds, farms or homestead can be covered.



- v. Age eligibility:
- Dwarf and Hybrid palms: 4–60 years
 - Tall palms: 7–60 years
- vi. Self-declaration of the age group by the insured planter/grower in the insurance proposal is accepted. However, the Implementing Agency (IA) holds the right to verify the insured palms for authenticity at any time. In case of misrepresentation or incorrect declaration of the palm's age or any other material fact, the insurance coverage will be deemed void, and the insured will forfeit all associated benefits.
- vii. Unhealthy and senile palms will be excluded from the coverage.
- viii. CDB shall make every effort to get all bearing and healthy palms insured, in cluster villages of district(s).

5. Risk Coverage and Sum Insured

The following perils which result in death of palm or loss of palm or palm becoming unproductive:

- Storm, hailstorm, cyclone, typhoon, tornado, heavy rainfall
- Flooding and inundation
- Widespread pest or disease or wild animal attacks causing irreparable complete damages to palm
- Accidental fires including forest fire and bush fire, lightning, earthquakes, landslides, tsunamis.
- Severe drought leading to total loss or 25% of sum assured in case of production loss provided Drought or dry spell Declarations by State Government or other competent authority.

The Insurance Scheme compensates for the total loss of a coconut palm due to insured perils, either resulting in its death or unproductivity. If the palm does not die immediately, the sum insured will be payable upon submission of a certificate from the CDB/ Agriculture / Horticulture Department, justifying its unproductive status. A palm is deemed unproductive only if further growth or rejuvenation is impossible due to damage caused by insured perils, provided the insured removes or fells the affected palm. However, if the farmer/grower chooses to retain the unproductive palm without felling it, 50% of the sum insured will be deducted as salvage value. In all cases, the loss must be directly linked to an insured peril to qualify for compensation.

Age group of palms	Sum insured (Rs./ palm)
4 - 15 years	1,900/-
16 - 60 years	3,700/-

6. Exclusions

No claims will be honored for:

- Loss within the franchise limit (For franchise clause, refer Para 10.i)
- Theft, war, civil disturbances, nuclear hazards, malicious acts
- Damages from aircraft or falling objects
- Losses due to negligence, animal action, poor maintenance, natural palm mortality, or structural damage unrelated to palm viability



7. Insurance Premium and Subsidies

The sum insured and premium rates for Coconut Palm Insurance will be structured based on different age groups as follows:

Age Group of Palms	Annual Premium (Rs./ palm)	Board's share - 85% (Rs./ palm)	Farmers share - 15% (Rs./ palm)
4 - 15 years	-	-	-
16 - 60 years	-	-	-

The farmer or grower is responsible for paying 15% of the premium, while the Board would cover the remaining 85% as a subsidy. The Board would provide its premium share amount in advance to AIC and AIC shall deduct funds as applications are processed. Any unutilized funds shall be refunded by AIC at the end of each financial year, accompanied by a Statement of expenditure.

Additionally, a rebate in premium @ 7% for two year policy and 12% for three year policy shall be provided to the farmers/ growers.

8. Insurance Period

Policies are issued on an annual basis. However, growers or farmers have the option to obtain a policy for up to three years. A premium rebate of 7% will be provided for a two-year policy, while a 12% rebate will be provided for a three-year policy.

Planters and growers can enroll in the scheme at any time throughout the year. However, coverage under the policy will commence only from the 1st day of the succeeding month.

9. Policy Enrolment procedure

- Application forms may be obtained from the website of CDB as well as AIC.
- Requisite documents to be submitted by the applicant along with duly filled and certified application form.
- It is mandatory to number the palms for its coverage in the insurance.
- The Certificate of Insurance or Cover Note shall be issued by the IA to all individual insured persons within 30 working days from the date of receiving the requisite payment and a duly completed application along with all required documents.
- IA shall also furnish a district-wise consolidated database of the insured on a mutually agreed format, CDB on monthly basis.

10. Claim Settlement Process

- The claim is assessed only if number of palms damaged, due to perils insured are in a contiguous area is more than the numbers detailed below:

S. No.	No. of insured palms in a contiguous area	Franchise (min. no. of palms lost)
1	10 to 30	1
2	31 to 100	2
3	More than 100	3



- ii. Farmers must inform the Implementing Agency (IA)/ Coconut Development Board about the losses within 10 days of occurrence of the perils insured.
- iii. Farmers will not move or shift damaged/ lost palms till inspection of crop by loss assessors is complete.
- iv. Loss assessment certification is required to be furnished by empanelled officers (jointly decided by CDB & AIC). IA, at its discretion may send its representative to assess the loss jointly with the agency designated to certify the loss. Claims require certification of irrecoverable productivity loss or palm death. Assessment need to be completed within 15 days of reporting the claim by the insured.
- v. IA, in any case, should release claim to insured planter/ grower within one month from date of receipt of requisite documents.

11. Service charges

The service charge payable to the empanelled officers, if necessary, for loss assessment shall be shared equally by CDB and AIC on a mutually agreed rates. The Board shall pay a service charge to Farmer Collectives at a rate of 10% of the premium collected from farmers/ growers (i.e., only on the Farmers' Share) for bulk policy submissions made by the Farmer Collectives.

12. Publicity and Awareness

CDB & IA will work out appropriate Plan for creating adequate awareness and publicity among farmers/ growers on the revised Coconut Palm Insurance Scheme. CDB & IA shall develop a comprehensive plan for capacity building of the associated government officials and selected empanelled officers to ensure the effective implementation of the scheme. CDB shall allocate an appropriate budget under the scheme for capacity building and promotional activities to ensure effective implementation and outreach.

13. Monitoring Framework

Monitoring and review of scheme through Committees involving representatives from the Coconut Development Board and Implementing Agency may be taken up every five years. The Committee is also entrusted with suggesting necessary changes to the scheme, which will be presented for approval at competent levels.
