

Fishing Equipment Insurance

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SOUTH INDIAN FEDERATION OF FISHERMEN SOCIETIES

Small Scale fisheries

- ◆ **High risk & vulnerable livelihoods**
- ◆ **Threatening livelihood Issues - Emerging**
- ◆ **Seasonal & Irregular incomes**
 - **Potential credit & social security requirements**
- ◆ **Informal & Unorganised**
- ◆ **Strong Informal Financial systems**
- ◆ **No collateral - Assets are floating**
 - **No concern from FFIs & Insurers...**

Basic Risks associated...

- ◆ Engine failures, Boat capsized & Sinking at sea
- ◆ Collisions with trawlers / vessels at sea / shore
- ◆ High waves hit or Anchor failure while halt on shore
- ◆ Cyclones / Hurricanes / Tsunami
- ◆ Communal riots & thefts / burglary
- ◆ Fire accidents
 - Also include lives of fishermen often & other equipments loss like Nets



Past Experience

- ◆ High cost of operation & Low premium income
- ◆ Difficult to verify the losses as
 - Crafts without registration
 - High risk of Fraud / Moral Hazard
- ◆ Sizeable losses occurred to the insurer
- ◆ Resulting to be unresponsive.
- ◆ Poor/Lack of delivery mechanisms
 - Organising
 - Educating

SIFFS



- ◆ **Entry: To avoid the middlemen involvement**
 - Evolved since Seventies
- ◆ **Registered as Society in 1980**
- ◆ **Diversified Services**
 - **Boat Building, OBM Supply, Post Harvesting, R&D, Information, Fishery Resource Management & Credit**
- ◆ **Spread across 4 southern states – 60 000 outreach**
- ◆ **Three tiered structure**
- ◆ **Professionalised & Community based**
- ◆ **Played very significant role in Tsunami Rehabilitation & Reconstruction.**

- ◆ **Strong ability in organising the artisanal fisheries**
 - **Built solidarity**
 - **Decades of Experience**
- ◆ **Well established delivery mechanisms**
 - **Livelihood credit & Marketing**
 - **credit linkages with FFIs.**
[SIDBI, SBI, CANARA, AXIS, IOB & CORD Aid (ECB)]
 - **Ensured repayment at source deductions (~ 92% CRR)**
- ◆ **Social security initiatives...**

Micro Insurance...

- ◆ **Old Age Security Scheme (OASS)**
 - INR 3.8 millions - OASS outstanding savings of 3000 clients
- ◆ **Group life Insurance schemes**
 - Janshree Bhima Yojana (JBY) with LIC
 - “Un-named Crew Insurance” scheme with United India
- ◆ **26 000 lives are insured.**
- ◆ **INR 1.24 millions disbursed as scholarship in 2006-07 under JBY**
- ◆ **50% of premiums settled as claims in 2006-07**

Risks covered	Scheme	No. of clients	Premium	Benefits
Life (Natural/Accidental death, Disability)	JBY	9000	INR 200 per head (INR 100 Subsidized)	1. INR 30,000 for natural death 2. INR 75,000 for death or total permanent disability due to accident 3. INR 37,500 for partial permanent disability 4. INR 1200p.a. scholarship per student (IX-XII Std.)
	Un-named Crew Insurance	17000	(INR 150 + 12.36% S.T.) Per crew of 5 @ INR 30	INR 2,50,000 per crew unit (INR 50,000 per head) Covers accidental death while fishing only
Retirement	OASS	3000	INR 50 p.m. Onwards	9% Interest rate is offered (quarterly calculated)

- ◆ **Future undertakings**
 - **Micro Pensions (Upgrading OASS)**
 - **Micro Health Insurance**
- ◆ **Towards Ensuring the sustainable livelihoods**

Fishing Equipment Insurance

- ◆ **Originated from an associated federation**
 - Strategic loss verification
- ◆ **Under rolling out process**
- ◆ **SIFFS as nodal agency**
- ◆ **Exclusively for SIFFS primary society members**
 - ~ 6000 fishing units are to be covered
 - Central Tamil Nadu, Kanyakumari & Trivandrum

Product Features

- ◆ **Losses of Individuals & En-masse**
- ◆ **Total loss of Boat or Engine or Both due to any Act of God (AoG) perils / riot / fire at sea / shore.**
- ◆ **Only En-masse total loss of fishing nets & tackles on shore due to any AoG perils/riot/fire - up to 50% of the value subject to a maximum Rs.20,000.**

(No additional premium for coverage)
- ◆ **Applicable within Kerala & Tamil Nadu states only**
- ◆ **Exclusions**
 - Partial damage of boat or engine or together
 - Individual losses/burglary/theft of fishing nets

- ◆ **50% of the Assets value is underwritten**
 - **Contracted Insurance value (Sum Insured)**
 - **Strategy to avoid the risk of fraud**
- ◆ **Premium is proportionate to the depreciated market value of Assets**
- ◆ **50% Subsidy on first premium as an incentive**
- ◆ **Client Education is being done**
 - **Consultative meetings & Brochure distribution**

Asset Details	Sum Insured*				
CRAFT model	1st yr.	2nd yr.	3rd yr.	4th yr.	5th & 6th yr.
FRP Boat / FRP KM - large	50000		37500	25000	
Traditional KM – Large(>20 ft.) (or) FRP KM - Medium	15000	10000	5000	Nil	Nil
Traditional KM - Medium	10000	7000	4000	Nil	Nil
Engine models	First 6 Months	6 months to 1 yr.	2nd yr.	3rd yr.	
Suzuki / Yamaha [>= 8 HP]	35000	25000	20000	10000	
Suzuki / Yamaha [4 - 7 HP]	25000	20000	12000	6000	
Greaves / ELGI	25000	20000	12000	6000	
Suzuki / Yamaha [< 4 HP]	15000	12000	8000	4000	

- ◆ **Premium: 1% of sum Insured + 12.36% S.T.**

Issues....

- ◆ **Partial losses coverage – Unresolved challenge**
- ◆ **Still high premium – unaffordable to the members**
- ◆ **As per IRDA regulations**
 - **Cost of survey'or**
 - **Reinsurance applications**
- ◆ **Service tax as additional cost...**
- ◆ **Subsidy for what?...**
 - **Must be an internal mechanism to facilitate & address sustenance of the scheme.**

THANK YOU

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