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OPERATIONAL GUIDELINES

for

NATIONAL LIVESTOCK MISSION



Government of India

Government of India

Ministry of Fisheries, Animal Husbandry and Dairying

Department of Animal Husbandry and Dairying

July- 2021

Activity III: Livestock Insurance

		Livestock Insurance																																				
Sl. No.	Components																																					
01	Objectives	To manage the life risk and uncertainties by providing protection mechanisms to the farmers against any eventual loss of their animals due to death and to demonstrate the benefit of the insurance of livestock to the people.																																				
02	Salient Features	<p>The Risk Management & Insurance is to be implemented in all the Districts of the Country including those carved out in future, if any.</p> <p>The indigenous / crossbred milch animals, pack animals (Horses, Donkey, Mules, Camels, Ponies and Cattle/ Buffalo Male), and other Livestock (Goat, Sheep, Pigs, Rabbit, Yak and Mithun etc.) will be under the purview of this component.</p> <p>Benefit of subsidy is restricted to 5 animals per beneficiary per household for all animals except for sheep, goat, pig and rabbit, where the benefit will be restricted to 5 cattle units (1 cattle unit = 10 sheep/goat/pig/rabbit). Therefore, the benefit of subsidy to sheep, goat, pig and rabbit is to be restricted to 5 Cattle Unit per beneficiary per household. However, a beneficiary having less than 5 animals / 1 Cattle Unit can also avail the benefit of subsidy. Efforts will be made to bring all large and small animals under insurance coverage.</p> <p>The Risk management and Insurance component envisages the following payments from central funds as Grant's - in - Aid:</p>																																				
03	Funding Pattern	<p>(a) Subsidy for insurance premium will be paid as per following:</p> <p>NORMAL AREAS</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Central Share</th> <th style="text-align: center;">State Share</th> <th style="text-align: center;">Beneficiary Share</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">BPL / SC / ST</td> <td style="text-align: center;">40%</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">APL</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">50%</td> </tr> </tbody> </table> <p>NORTH EAST REGION / HIMALAYAN STATES</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Central Share</th> <th style="text-align: center;">State Share</th> <th style="text-align: center;">Beneficiary Share</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">BPL / SC / ST</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">APL</td> <td style="text-align: center;">35%</td> <td style="text-align: center;">25%</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table> <p>UNION TERRITORIES</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Central Share</th> <th style="text-align: center;">State Share</th> <th style="text-align: center;">Beneficiary Share</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">BPL / SC / ST</td> <td style="text-align: center;">80%</td> <td style="text-align: center;">NIL</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">APL</td> <td style="text-align: center;">60%</td> <td style="text-align: center;">NIL</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table> <p>(b) 100% Payments of Honorarium to the Veterinary Practitioners and</p>	Category	Central Share	State Share	Beneficiary Share	BPL / SC / ST	40%	30%	30%	APL	25%	25%	50%	Category	Central Share	State Share	Beneficiary Share	BPL / SC / ST	50%	30%	20%	APL	35%	25%	40%	Category	Central Share	State Share	Beneficiary Share	BPL / SC / ST	80%	NIL	20%	APL	60%	NIL	40%
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		<p>(c) 100% Publicity</p> <p>However, a beneficiary may insure more than 5 animals by paying the full premium without availing the benefit of subsidy for all animals except sheep, goat, pig and rabbit. Similarly, a beneficiary may insure more than 5 'Cattle Unit' by paying the full premium without availing the benefit of subsidy for sheep, goat, pig and rabbit.</p> <p>For this purpose, 'household' will be defined on the same lines as adopted under Mahatma Gandhi National Rural Employment Guarantee Act, 2005, here-in-after referred to as MNREGA for brevity. Efforts should be made to insure the animals for at least three years rather than one year.</p>																					
04	Beneficiaries	<p>State Animal Husbandry Department. However, special efforts will be made to associate and involve the registered milk societies / unions for ensuring the animals belonging to the members of these societies / unions as a group.</p> <p>The insurance companies will also be persuaded to give some further concessions to these societies / unions with respect to the rate of premium as the work of their agents will be reduced otherwise.</p>																					
05	Rate of Premium	<table border="1"> <tr> <td rowspan="2">One year</td> <td>(Normal area)</td> <td>4.5%</td> <td>✓</td> </tr> <tr> <td>NER/Himalayan States</td> <td>5.5%</td> <td></td> </tr> <tr> <td rowspan="2">Two year</td> <td>(Normal area)</td> <td>8%</td> <td>✓</td> </tr> <tr> <td>NER/Himalayan States</td> <td>9%</td> <td></td> </tr> <tr> <td rowspan="2">Three year</td> <td>(Normal area)</td> <td>11%</td> <td>✓</td> </tr> <tr> <td>NER/Himalayan States</td> <td>11.5%</td> <td></td> </tr> </table>	One year	(Normal area)	4.5%	✓	NER/Himalayan States	5.5%		Two year	(Normal area)	8%	✓	NER/Himalayan States	9%		Three year	(Normal area)	11%	✓	NER/Himalayan States	11.5%	
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06	Implementing agencies	State Animal Husbandry Department and State Implementation Agencies																					
07	Selection of Insurance companies	For Selection of Insurance companies, insurance, settlement of claim, the implementing agency may follow the guidelines as per Appendix VI																					

GUIDELINES FOR SELECTION OF INSURANCE COMPANY, INSURING THE ANIMALS AND CLAIM SETTLEMENT

1. Engagement of Insurance Company:

In order to get the maximum benefit in terms of competitive premium rates, easier procedures of issue of policy and settlement of claims, Chief Executive Officer (CEO) of the State Implementation Agency will be empowered to decide upon the Insurance company(s) and the terms and conditions. While selecting Insurance Company, besides premium rates offered, their capacity to provide services, terms and conditions and service efficiency on objective criteria should also be taken into account. The CEO will invite quotations in writing from those public and private general insurance companies having a network in the State/UTs or a considerable part of the State/UTs. Only one tender should be floated for the whole State/UTs considering state as a unit. The tender may comprise of 3 or more items defining the type of geographical area for which separate premium rates may be quoted by the insurance company/agencies. A tender committee would be constituted by the State/UTs Government in which one representative to be nominated by the Joint Secretary, DADF; GoI would be there who is responsible for implementing the 'Risk Management & Insurance' as a component of sub-mission on livestock development of NLM in GoI.

Under no circumstances, the rate of premium should exceed 4.5% in Normal Area, 5.5% in NER/ Himalayan States for annual policies, 8% in Normal Area, 9% in NER/ NER/ Himalayan States for two-year policies and 11% in Normal Area, 11.5% in NER/ NER/ Himalayan States for three year policies.

Normally, a single insurance company should be entrusted for insurance work in States/UTs for a particular type of area and if more than one company bids are the same premium rate then the area should be divided equally as far as possible.

The Service Tax, if applicable need to be paid by the concerned beneficiary / State/UT Government as per the prevalent Rules.

2. Process for Insuring Animals

In order to generate confidence among the farmers about the efficacy of the 'Risk Management & Insurance' as component of sub-mission on innovation and extension of NLM, it is important that the policy cover should take effect once the basic formalities like identification of animal, its examination by the veterinary practitioner, assessment of its value and its tagging along with payment of the premium to the insurance company or its agent by the owner are completed. The selected insurance company will have to agree to this. However, it is possible that the selected Insurance Company may demand for the whole premium in advance so that the insurance cover can take effect immediately after the owner pays the beneficiary share. In order to take care of this problem, there

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should be an arrangement by which the admissible percentage of the premium amount of the Central and State Share, of maximum number of animals that generally expected to be insured in a period of three month, is paid in advance to the insurance company by the CEO. The selected insurance company, on its part, should issue instructions to their branches that as and when a share of the premium is paid by the owner, they should issue the policy with immediate effect. Target of getting the number of animals insured in one-month period for payment of advance to the Insurance Company should be on realistic basis and recouping of the advance fund should be on the basis of subsequent progress made by the concerned Insurance Company.

An animal shall be insured for its current market price. The market price of the animal to be insured will be assessed jointly by the beneficiary and the insurance company in the presence of the Veterinary officer. The minimum value of animal should be assessed by taking Rs.3000 per liter per day yield of milk or as per the price prevailing in the local market (declared by Government) for cow and Rs.4000 per liter per day yield of milk or as prevailing in the local market (declared by Government) for buffalo. The market price of pack animals (Horses, Donkey, Mules, Camels, Ponies and Cattle/Buff. Male) and Other livestock (Goat, Sheep, Pigs, Rabbit, Yak and Mithun) are to be assessed by negotiation jointly by the owner of the animal and by insurance company in the presence of a Veterinary Doctor. In case of dispute the price fixation would be settled by the Gram Panchayat / BDO.

The examination of the animal while issuing insurance policy is to be carried out by the veterinary practitioners registered with the Veterinary Council of India.

The animal insured to be properly tagged and uniquely identified at the time of insurance. The animal already tagged in other program need not be again tagged for this purpose and the existing Unique Identification (UID) of tag should be used for insurance as well. The ear tagging should be with 12-digit unique animal ID Number generated by NDDDB. The Veterinary Practitioners may guide the beneficiaries about the need and importance of the tags fixed for settlement of their claim so that they take proper care for maintenance of the tags. While processing an insurance proposal, 2 photographs should be attached, out of which one photograph should be that of the animal with the Owner and the other photograph should be of the animal with its EAR TAG clearly visible.

In case of sale of the animal or otherwise transfer of animal from one owner to another, before expiry of the Insurance Policy, the authority of beneficiary for the remaining period of policy will have to be transferred to the new owner. The modalities for transfer of livestock policy and fees and sale deed etc required for transfer, should be decided while entering into contract with the insurance company.

3. Settlement of Claim

The method of settlement of claim should be very simple and expeditious to avoid unnecessary hardship to the insured. While entering into contract with the insurance company, the procedure to be adopted / farmers who has insured their animals. documents needed for settlement of claim should be clearly spelt out. Only four documents would be required by insurance companies for settling the claims viz. intimation with the Insurance Company, Insurance Policy paper, Claim Form and Postmortem Report. All documents/forms for insuring as well as settling the claims should be

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made available by the insurance agency in local language or in English language. In case the farmers' copy of the Insurance Policy paper is lost then the Insurance Company would immediately issue a duplicate Insurance Policy paper. In case of claim becoming due, the payment of the insured amount should be made within 15 days positively after submission of requisite documents. If an Insurance company fails to settle the claim within 15 days of submission of documents, the insurance company will be liable to pay, a penalty of 12% compound interest per annum to the beneficiary. While insuring animal, CEOs must ensure that clear cut procedures are put in place for settlement of claims and the required documents are listed and the same is to be made available to concerned beneficiaries along with the policy documents. The beneficiary should get full payment of the sum insured in case of death of animals. In case, there are delays in settling a claim or the claim is rejected, it must be fully justified by the concerned insurance company to the claimant under intimation to the District Monitoring Committee and also to SIA. The provisions to these effects must be incorporated in the MOU with the insurance companies.

4. Payment of Honourarium to the Veterinarian: The Veterinarian will be eligible to get honorarium of Rs 50/- per animal at the stage of insuring the animal and Rs. 125/- per animal at the stage of conducting post-mortem and issuing post-mortem certificate in case of any insurance claim. The Central Government will provide the amount needed for payment of honorarium to the SIAs. The CEOs should ensure that payment is made to Veterinary Practitioners at the end of each quarter for the animal's insured and veterinary certificates issued by them in that quarter.

Note: Default in settlement of claim or any types of deficiency in services on part of Insurance Companies should immediately be brought to the notice of the Insurance Regulatory and Development Authority (IRDA) which is a nodal authority in the country in this regard with intimation to the District Monitoring Committee and DAHD, GoI.

Monitoring:

The DAHD will develop MIS system for maintaining data. The State Government will be advised for physical monitoring of beneficiaries. Monitoring will also be done through National Review Meeting, Regional and State Review Meeting.