

RISK MANAGEMENT AND INSURANCE PREMIUMS FOR CROPS, ANIMALS AND PLANTS: FRAMEWORK, INFLUENCE, FINANCIAL IMPACT, FORECASTS

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Abstract

This study aims to analyze European risk management measures for producers in the plant and livestock sector and their influence on farmers. In recent years, the National Rural Development Program NRDP has included Measure 17.1 - Insurance premiums for crops, animals and plants. This allows agricultural producers to claim a partial incentive of the value of the insurance premium paid to the insurance company. As is well known, agricultural production is deeply dependent on climate change, which requires farmers to have easier access to insurance through which to partially offset losses from natural disasters or other adverse events. Such risk management schemes must be able to cover, in addition to losses caused by adverse climatic events (floods, droughts, soil erosion, etc.) also those caused by animal and plant diseases, pest infestations and incidents of environment (toxic waste discharges, etc.), providing overall protection to farmers who face interruptions of activity and / or loss of production due to such incidents. Among the new risk management tools provided by Measure 17, Romania has chosen to promote the stimulation of farmers' involvement in risk prevention and management schemes through support for the insurance premium. In 2020, the Funding Agency for Rural Investments allocated 15 million Euros, of which farmers attracted 10,807,760.84 Euros. In 2021, the institution made available the amount of 31.2 million Euros. At the end of September 2021, the session is open and reveals a wide popularity. A number of 3,622 applications are submitted with a total value of 7,991,285.94 Euro. The paper aims to analyze the concrete situation of some farmers benefiting from this scheme in 2020 which are examples to follow. The dimensions of the areas allocated to the crops are analyzed in correlation with the insurance premiums paid, partially reimbursed and with the insured values in case of damage.

Key words: crops insurance, risk management, European incentives