



Trends in Insuring Agricultural Risks

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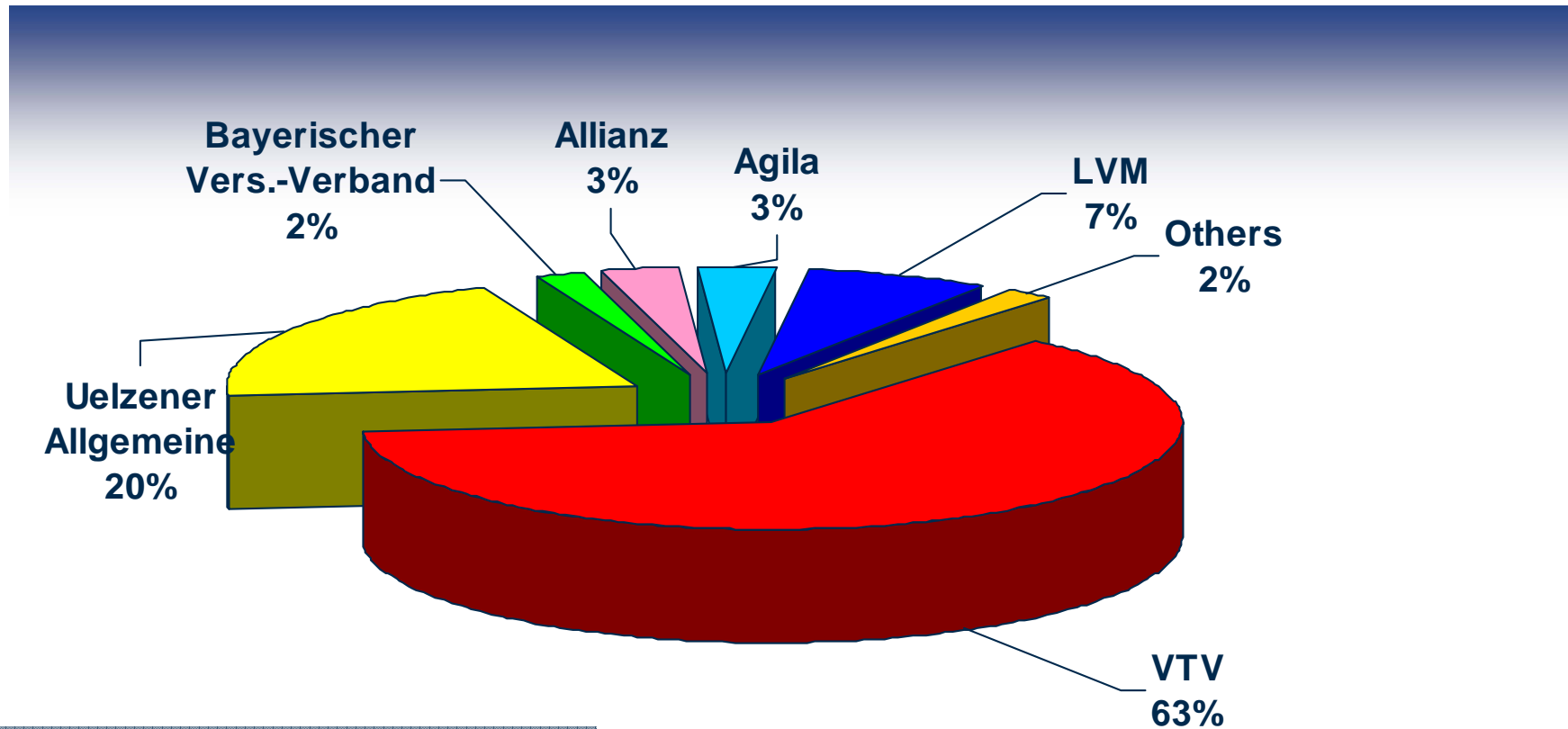
Im FinanzVerbund der
Volksbanken Raiffeisenbanken

1. Agricultural Roots of R+V

- R+V grew from the co-operative movement of farmers and craftsmen leading to the foundation of „Volksbanken und Raiffeisenbanken“ .
- **Guiding Idea** : Principle of „Help yourself“
- **Founders** : Friedrich Wilhelm Raiffeisen for the farmers
Herrmann Schulze-Delitzsch for the small enterprises
- **Goal** : Financial security for family, house and farm
- **Start** : 1875 Predecessor of Vereinigte Tierversicherung
1898 origin of R+V Pensionsversicherung
- **Foundation of R + V** : 1922 Raiffeisen Allgemeine Versicherungsgesellschaft a.G.
and Raiffeisen Lebensversicherungsbank a.G. in Berlin

2. German Market for Livestock Insurance in 2004

Market shares in %



Total Volume ca. 63,4 Mio. Euro

3. Insurance of Conventional Risks

Insured Object	Risk	Insurance Solution
Buildings	Fire, Storm	Fire, Storm Insurance
Contents	Fire (Storm)	Fire Insurance
Machinery	MAR	Technical Branches Insurance
Livestock	Epidemics, Communicable Disease	Loss of Earnings / single animal insurance
Motor Vehicles	TPL	Liability Insurance
	Own Damage	Partial / Full Own Damage Insurance
Liability	Business Risks	} Commercial Liability Insurance
	Environmental Risks	
	Product Risks	

4. New Challenges

4.1 ...due to Changes within the Farming Industry

RISKS	Insurance Possibilities/Necessities
<ul style="list-style-type: none">→ Specialising in one dominating business	<ul style="list-style-type: none">→ Loss of Profits Insurance, Trade Credit Insurance
<ul style="list-style-type: none">→ Entry into Energy Production (Biogas, Photovoltaic)	<ul style="list-style-type: none">→ Property , Liability, Technical Insurance, Loss of Profits Insurance for Biogas- / Photovoltaic Installations
<ul style="list-style-type: none">→ Entry into the Production of genetically modified Organisms (GMO)	<ul style="list-style-type: none">→ Liability Insurance for GMO (to be developed)

4. New Challenges

4.2 ...due to External Factors

RISKS	Insurance Possibilities / Necessities
<ul style="list-style-type: none">➔ Climate (Drought, Frost, Flooding...)➔ Political and Legal Basic Parameters<ul style="list-style-type: none">- Tightening of product liability (EC)- Law on genetic engineering (GER)- Policy on epidemics / non-vaccination (EC)	<ul style="list-style-type: none">➔ Crop Insurance (different models in various European states)→ Extended product liability insurance (financial loss)→ Not insurable (due to joint and several liability and no-fault insurance)→ Loss of earnings insurance

4. New Challenges

4.2 ...due to External Factors

RISKS	Insurance Possibilities/Necessities
<p>➔ Change of Agro-Market</p> <ul style="list-style-type: none">- Deregulation leads to stronger price fluctuation- Concentration in processing and trading is increasing the trade risk (regional and on farm level)	<ul style="list-style-type: none">→ No insurance solution in Europe→ Hedging by commodity futures, supply contracts→ Trade risk insurance

5. Summary

- ④ Increasing size and specialisation of farms is increasing their economical risk and thereby the need to insure.**
- ④ Changed political, legal and economical parameters increase the product-, production and market risk of farms. This is inspiring a new demand for insurance strategies and -products.**