Securing global food prosperity for our customers drives our motivation.
Preliminary Focus Group Study: Australian Farmer Attitude to On-farm Risk Management and Insurance

Three focus group workshops were conducted in June 2014 across Australia, in order to assess farmer attitude to managing risk on-farm, and the role of current insurance products for agriculture.
The Workshops were part of three main activities associated with this project:

1. Literature Review
   - Multi-peril Crop Insurance in Australia
   - Farmer Risk Management Strategies in Australia
   - Approaches to Climate Adaptation and Risk Management

2. Farmer Focus Group Workshops
   - Preliminary study farmer attitudes to risk and management
   - Risk management strategies (and insurance products) adopted by farmers
   - Australian studies associated with Multi-Peril Crop Insurance (MPCI)

3. Participatory Surveys
   - Identify technical, socio-economic institutional and policy barriers limiting the adoption of risk insurance (MPCI)
   - Reviewing the current status of MPCI in Australia
Methodology

The focus group workshops had the objectives to:

1. Identify and assess farmer attitude to risks,
2. Identify strategies that farmers employ to manage risk
3. Identify the current insurance products that farmers currently use to manage production risk
KEY FINDINGS FROM THE WORKSHOPS
It is important that as farmers, we are able to manage risk, primarily through risk mitigation approaches:

1. Identifying the risk
2. Assessing the likelihood of the risk
3. How can the risk be best managed or reduced?
The farmers considered that it is important to describe and define the specific risks. There are many risks, and it is important to define and categorise the risks accordingly.

### Production
- Agronomy practices
- Crop selection
- Technology (Conservation Agriculture)

### Climate
- Crop type & variety
- Time of sowing
- Flexibility in crop sowing activities

### Market
- Commodity marketing tools
- On-farm storage
- Value-chain development

### Financial
- Cash-flow management
- Off-farm investment
- Enterprise diversity
Strategies Adopted by farmers to manage risks
Production Risks
Improved technologies, flexible management
Strategies Adopted by farmers to manage risks
Improved decision making – moisture monitoring

![Graph 1](Moisture probe readings from Paruna Site Sand after 30mm rain on March 27, penetrating to 90cm sensor depth.)

![Graph 2](Moisture probe readings from Paruna Site Heavy Flat soil after 30mm rain on March 27, only impacting the 10cm moisture sensor, but not reaching the 30cm sensor.)
Strategies Adopted by farmers to manage risks

Managing climate variability through improved decision making: rainfall deciles

[Map of Australia showing rainfall deciles]
Strategies Adopted by farmers to manage risks

Market Risks:
Flexible approach to grain Marketing
Forward contracting
On-farm storage of grain
Current Insurance products utilised by farmers

There were a limited range of farm insurance products that farmers used

1. General insurance products such as equipment and building insurance (general fixed assets)

2. Income protection, accident and life insurance policies (for farming family members)

3. Crop Insurance products (insuring crops against adverse events prior to harvest – primarily fire and hail damage, i.e. ‘single event’)

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An example of a claim for crop losses for an insured event.

**Claim examples**

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Example of Multi-Peril Crop Insurance

Frost and Drought Insurance is now available for less than $10 a tonne.

Nexus is proud to refer Certainty Insurance™ to Australian Farmers
How MPCI is promoted amongst Australian farmers
Attempts to introduce traditional yield insurance products in Australia have consistently failed, but the recent introduction of index-based products shows some promise. Australian Government 2012 Study conclusions
Thankyou!