



IFFCO-TOKIO General Insurance Co. Ltd .
 Regd. Office: IFFCO Sadan, C-1, Distt. Center, Saket, New Delhi-110017

Pradhan Mantri Fasal Bima Yojana (PMFBY)

ITGI / PMFBY /2016

UNDERWRITING & CLAIMS MANUAL

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I. BACKGROUND:

India is an agrarian economy with over 2/3rd of the country being dependant on agriculture for its livelihood and feeds over a billion population. Agriculture contributes nearly 25% of the GDP of the country.

The Indian farmer faces production risks due to varied factors like:

- Poor quality of seed.
- Pest attack.
- Poor quality pesticides and other inputs.
- Unpredictable/catastrophic weather.
- Dependence on monsoon.
- Financial crunch etc.

It is also very well known that agriculture is an activity which is very susceptible to the vagaries of nature. Some of the risks that farmers across India face are:

- Damage caused by natural fire and lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane, tornado, flood, inundation, landslide, drought/dry spell, pests and disease storms, typhoons, hailstorm, flood.
- Poor or deficient rainfall during monsoon creating drought like situations.
- Excessive rainfall during monsoon causing damage due to water logging or flooding.
- Abnormally low or high temperature during winter cropping season.

IFFCO TOKIO has developed a new crop insurance policy named “Pradhan Mantri Fasal Bima Yojana” (PMFBY) insurance policy, which compensates the farmers for likelihood of damage to crops arising out of perils listed above.

II. GENERAL DEFINITIONS

Before understanding how the Policy would work, it is important to know the basic definitions and technical terms involved in the Policy.

1. Proposal:

It means any signed Proposal by filling up the questionnaires and declarations, written statements and any information in addition thereto supplied to The insurance company by You or on Your behalf and forms the basis of the Policy.

2. Policy :

It means the Policy wording, the Schedule and any applicable Endorsement or memoranda. Your Policy contains the details of the extent of cover available to You, what is excluded from the cover and the conditions, warranties and provisions on which the Policy is issued.

3. Schedule:

It means the latest Schedule issued by The insurance company as part of Your Policy. It provides details of the level of cover You have.

4. Endorsement



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It means any alteration made to the Policy which has been agreed to by The insurance company in writing.

5. We/Our/Us/Company/Insurance Company:

It means **IFFCO-TOKIO GENERAL INSURANCE COMPANY LTD.**

6. You/Your:

It means the entity or person(s) named as Insured in the Schedule.

7. Insured Person:

It means the persons who are incorporated in the Schedule for the purpose of insurance coverage.

8. Exclusion:

It means the damages/perils/properties/contingencies which are not covered under the Policy and for which We have no liability in the event of loss occurrence.

9. Policy Period:

It means the period commencing from the effective date and hour as shown in the Policy Schedule and terminating at midnight on the expiry date as shown in the Schedule.

10. Actual Yield (AY):

It means yield per hectare of the Crop calculated on the basis of requisite number of Crop Cutting Experiments in the insured season, for Defined Area or yield of Crop for the Insured Area that corresponds with the Policy Period.

11. Crop:

Means the variety of seed and/ or plants the Insured cultivates, as described in the Schedule to this Policy.

12. Crop Cutting Experiments:

It means the crop experiments that are undertaken for determining the percentage recovery in the form of dry grains or the marketable form of the produce. These experiments comprise of (i) identification and marking of experimental plots of a specified size and shape in a selected field on the principle of random sampling, (ii) threshing the produce and (iii) recording of the harvested produce.

13. Cropping Plan:

It means a detailed statement forming part of this Policy which indicates the insurance cover available to the Insured. This statement comprises of the identification of the field covered, the Crop and variety planted, the respective area (in ha) planted, the Average Yield per hectare, the value per ton of harvested Crop and the Sum Insured for this Crop.

14. Defined Area:

It means the specified area of cultivation for the Notified Crop under the Policy.

15. Bank:

It means a bank licensed under Banking Regulation Act, 1949 and permitted by the Reserve Bank of India to carry on banking business in India.

16. Financial Institution:



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It shall have the same meaning assigned to the term under section 45 I of the Reserve Bank of India Act, 1934 and shall include a Non-Banking Financial Company as defined under section 45 I of the Reserve Bank of India Act, 1934.

17. Insured:

It means person(s)/ entity (ies) whose name(s) specifically appear as such in the Schedule to this Policy.

18. Insured Area:

It means the area under cultivation which is covered under the Policy.

19. Level of Indemnity:

It means the percentage of indemnity as specified in the Schedule to this Policy which is considered while arriving at the Sum Insured under the Policy.

20. Minimum Support Price:

It means the minimum price fixed by the Government of India or the State Government for purchase of Notified Crop. This price is fixed by the Government to provide protection to agricultural producers against any sharp drops in prices.

21. Notified Crop:

It is the Crop which is selected for the insured season in the Defined Area, as selected by the Government authority for the crop insurance with the consent of the insurer and which is specifically mentioned in the Schedule to the Policy.

22. Policy Period:

It shall mean the period commencing from the Policy Start Date and time and ending on Policy End Date and time as specifically appearing in the Schedule to this Policy

23. Stipulated Harvest:

It means the recovery of the Crop in the form of dry grains or the marketable form of the produce which is expected from per unit of the Insured Area.

24. Stipulated Price:

It means the expected price per unit weight of the Stipulated Harvest which can be realized upon harvesting of the Crop in the Insured Area.

25. Sum Insured:

It means the amount as stated in the Schedule to this Policy which shall represent Our maximum liability for any and all claims incurred under the Policy.

26. Terrorism:

It means any actual or threatened use of force or violence directed at or causing damage, injury, harm or disruption, or the commission of an act dangerous to human life or property, against any individual, property or government, with the stated or unstated objective of pursuing economic, ethnic, nationalistic, political, racial or religious interests, whether such interests are declared or not. Robberies or other criminal acts, primarily committed for personal gain and acts arising primarily from prior personal relationships between perpetrator(s) and victim(s) shall not be considered terrorist activity. Terrorism shall also include any act, which is verified or recognized by the relevant Government as an act of terrorism.



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27. Theft:

It means the act of stealing, specifically, the felonious taking and removing of property, with intent to deprive the rightful owner of the same and includes larceny.

28. Threshold Yield:

It means the expected yield for a Crop cultivated on the Defined Area. It is calculated as the moving average based on the past few years average yield depending on the Crop (as notified by Govt. Of India/ State/ UT), multiplied by the Level of Indemnity.

29. Sub-period:

It shall mean the smaller periods within the Policy Period as specified in the Schedule.

30. Harvesting:

Is the moment of taking the insured Crops or part thereof from an insured Field by combining, threshing or picking for sale or use on the insured farm.

31. Weather Index

It means the weather parameter as defined in the Schedule which forms the basis of operation of the Policy.

32. Reference Weather Station:

It means the primary weather station as specified in the Schedule, the weather data of which will be utilised to compute the Weather Index during the Policy Period.

33. Alternate Weather Station:

It means the Secondary Weather Station which we may deem fit and accept as a substitute Weather Station in the event of non-availability of required data from the primary Reference Weather Station.

34. Missing Data: It shall mean the specified weather data for any particular period or sub-period which has officially been reported by IMD as not having been recorded or having been recorded but is not available.

35. Actual Weather Data:

It shall mean the reference weather data for the Policy Period as obtained from accredited or any other recognised weather data provider, as specified in the schedule.

36. Sub-period:

It shall mean the smaller periods within the Policy Period as specified in the Schedule.

37. Claim Trigger:

It shall mean the threshold value of the Weather Index, as defined in the Schedule, beyond which a claim will first become payable under the Policy as per the Claim Payout Table specified in the Schedule.

38. SLCCCI: State Level Coordination Committee on Crop Insurance

39. Cluster: It is an aggregation of districts as defined by State Government in order to diversify/ spread the risk and cover high risk/ low risk districts/area equally in such a way that each group contains mix of districts with different risk profiles.



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III. CROPS TO BE COVERED:--

- i. Food crops (Cereals, Millets & Pulses).
- ii. Oilseeds.
- iii. Annual Commercial / Horticultural crops.

The Crops are covered subject to availability of i) the past yield data based on Crop Cutting Experiments (CCEs) for adequate number of years, and ii) requisite number of CCEs are conducted for estimating the yield during the proposed season.

Around ten years historical data is required for calculating the premium rates, fixing indemnity limit and threshold yield etc. Wherever such historical yield data at insurance unit is not available for some years, the data of nearest neighbouring unit / weighted average of contiguous units / next higher unit can be adopted, subject to appropriate loading in the premium rate, if necessary.

IV. FARMERS TO BE COVERED

All farmers including landlords, tenant farmers and sharecroppers growing the notified crops in the notified areas are eligible for coverage.

They are broadly categorized as follows:

- i. Individual owner-cultivator/ tenant farmers/ share croppers.
 - ii. Farmers enrolled under contract farming, directly or through promoters / organizers
 - iii. Groups of farmers / societies serviced by Fertiliser Companies, Pesticide firms, Crop Growers associations, NBFCs, Micro Finance Institutions (MFIs), Self Help Groups (SHGs), Non-Governmental Organisations (NGOs), and Others.
- a) Loanee farmers would be covered under compulsory component (Under government sponsored crop insurance schemes only).
- b) Non-loanee farmers would be covered under voluntary component.

However, farmers should have insurable interest for the notified/ insured crops. The non-loanee farmers are required to submit necessary documentary evidence of land records prevailing in the State (Records of Right (RoR), Land possession Certificate (LPC), valid ID proof, Sowing certificate etc.) and/ or applicable contract/ agreement details/ other documents notified/ permitted by concerned State Government (in case of sharecroppers/ tenant farmers).

V. SCOPE OF COVER:-

A. Standing Crop (Sowing To Harvesting):

We hereby agree, subject to the terms, conditions and exclusions herein contained, or otherwise expressed herein, to compensate You, in the manner specified in the Schedule, against any loss resulting from natural fire and lightning, storm, hailstorm, cyclone, typhoon, tempest, hurricane, tornado, flood, inundation, landslide, drought/dry spell, pests and disease of the Crop if such deviation is as stated in coverage and within



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the Insured Area and Policy Period, subject to maximum of the Sum Insured stated in the Schedule of this Policy.

B. Prevented Sowing / Planting Risk

In case farmer of an area is prevented from sowing / planting due to deficit rainfall or adverse seasonal conditions, such insured farmer who failed to sow / plant (but otherwise has every intention to sow / plant and incurred expenditure for the purpose), shall be eligible for indemnity. The indemnity payable would be a maximum of the percentage of sum insured as prescribed in the schedule. The scale of payment for different crops will be as shown in the schedule. Having received indemnity based on prevented sowing/planting, the insurance cover is automatically terminated.

C. Post-Harvest Losses

Coverage is available only for those crops(as specified in the schedule), which are allowed to dry in the field after harvesting against specified perils of cyclone and cyclonic rains and unseasonal rains, resulting in damage to harvested crop lying in the field in 'cut & spread' condition. In other words, the crop, which after harvest is left in the field for drying, is only covered against the peril specified above. The harvested crop bundled and heaped at a place before threshing is beyond coverage under post-harvest losses. Further, the coverage is available only up to a maximum number of days as provided for in the policy schedule, from the day of harvesting. Assessment of damage will be on individual basis.

D. Localized Calamities

Coverage is also available for loss/ damage resulting from occurrence of identified localized risks of hailstorm, landslide, and Inundation affecting isolated farms in the notified area.

VI. BASIS OF SUM INSURED:

1. Sum Insured per hectare can be equal to the Scale of Finance as decided by the District Level Technical Committee. Sum Insured for individual farmer is equal to the Scale of Finance per hectare multiplied by area of the notified crop proposed by the farmer for insurance. 'Area under cultivation' shall always be expressed in 'hectare'.
2. The Sum Insured can be at least equal to the amount of crop loan sanctioned/advanced
3. Sum Insured can also be up to the value of the threshold yield of the insured crop multiplying the Notional Threshold Yield (district/region/state level) with the Minimum Support Price (MSP) of the current year arrives at the value of Threshold Yield
4. Sum insured for irrigated and un-irrigated areas may be separate

VII. LEVELS OF INDEMNITY & THRESHOLD YIELD

Different levels of Indemnity (as given in percentage in the policy schedule), corresponding to Low, Moderate & High Risks areas respectively shall be available for all crops.

The Threshold yield (TY) or Guaranteed yield for a crop in a Insurance Unit shall be the average yield of the preceding specified years excluding the year(s) in which a natural calamity such as drought, floods etc. may have been declared by the concerned Government/authority, multiplied by level of indemnity. Ideally 7 years'(excluding upto two calamity years) yield data should be available for calculating the threshold yield.

VIII. NATURE OF COVERAGE AND INDEMNITY



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Upon the happening of any event giving rise to a claim under this Policy, the Insured shall:-

- A) Give the Company immediate notice of the occurrence of the loss.
- B) Give the Company written notice within 48 hours (or any other agreed time limits) after the occurrence of the loss in the prescribed format.
- C) It shall be a condition precedent to the payment of any indemnity that the Insured makes available to the Company, any and all information requested by the Company and allows the access to authorised representative of the Company or loss assessor deputed by the Company to verify and substantiate the total production of the Crop insured under this Policy.

IX. ASSESSMENT OF LOSS / SHORTFALL IN YIELD

A. Wide Spread Calamities (based on season-end yield)

1. The Scheme operates on the basis of 'Area Approach' i.e., Defined Areas for each notified crop for widespread calamities and insurance unit is Village/ Village Panchayat or any other equivalent unit for major crops and for other crops it may be a unit of size higher than Village/ Village Panchayat level, to be decided by the State/ UT Government. State Government Department overseeing conduct of CCEs will submit yield data as per cut-off date decided by SLCCCI, along with results of individual CCEs. Yield data will be furnished to the insurance company by State Government / UT, in accordance with the cut-off dates fixed, and crops and areas notified, based on total number of CCEs being conducted.
2. State Government/UT Department authorised by SLCCCI will plan and conduct requisite number of CCEs for all notified crops in notified insurance units, in order to assess crop yield. CCEs shall be undertaken per unit area of insurance per crop, on a sliding scale, as indicated below:

Sr. No.	Insurance Unit	Minimum Sample Size of CCEs
1.	District	24
2.	Taluka / Tehsil / Block	16
3.	Mandal / Phirka / Revenue Circle / Hobli or any other equivalent unit	10
4.	Village / Village Panchayat	4 for major crops and 8 for other crops

3. In order to maintain the sanctity and credibility of CCEs as an objective method of yield estimation, the modalities mentioned below will be followed:
 - a. State shall strengthen audit process of conduct of CCEs, with necessary checks and balances. Digitizing the CCE process including geo-coding (providing the latitude and longitude of the CCE location), date/ time stamping and with photographs (of the CCE plot and CCE activity), is a must for all CCEs.
 - b. Wherever external agencies are proposed to be used for conducting the CCEs (i.e. CCEs are out-sourced), it should be given only to the registered 'professional' agencies with adequate experience in agriculture field activities/ yield estimation. It is mandatory for these agencies to follow the digital protocol as mentioned in the previous paragraph. Services of such agencies may also be utilized for assessment of Post-harvest loss and losses due to localized risks.



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- c. States shall maintain 'single series' of CCEs, i.e. the same set of CCEs and Yield estimates are used both for Crop Production estimates and Crop Insurance.
- d. In instances where required number of CCEs could not be conducted due to non-availability of adequate cropped area, the yield estimate for such IUs can be generated by using methods as (i) clubbing with neighboring/ contagious units or (ii) adopting yield estimate of next higher unit, or (iii) adopting the yield of neighboring IU with maximum correlation. Priority of applicability of aforesaid three methods should be notified by the concerned States well in advance
- e. The yield estimates at IU level shall be submitted by the State Government within the cut-off date, along with results of individual CCEs to the insurance company.
- f. We should be given complete access to co-witness the CCEs, as also the digital images of the CCEs and relevant data in the requisite form by the State Government. A formal letter with the schedule should be given to the insurance company sufficiently in advance without fail to help them mobilize the manpower if they so desire.
- g. Wherever the yield estimates reported at IU level are abnormally low or high vis-à-vis the general crop condition, we in consultation with State Government can make use of various products (e.g. Normalized Difference Vegetation Index, etc.) derived from satellite image data or other technologies to confirm the yield estimates. In case of significant differences between these two yield estimates, the matter should be referred to Technical Advisory Committee (TAC) at Centre and its decision shall be final. For resolving such cases, services of the Mahalobanis National Crop Forecast Centre (MNCFC) may be availed by TAC. MNCFC shall examine the above mentioned both the estimates and indicate their views on the yield estimate at IU for the crop season applying technology and other related parameters.

4. Use of Innovative Technologies to Rationalize CCEs

With availability of a number of satellites with high resolution images orbiting the Earth, there has been a great improvement in satellite imagery products. It has been reasonably proven that satellite imagery can help in demarcating the cropped areas into clusters on the basis of crop health. This feature can be successfully used to target the CCEs within the Insurance Unit (IU). In other words, satellite imagery can help in '**smart sampling**' of CCEs. While an IU with heterogeneous crop health may need standard sample of CCEs, say 4 CCEs per Village / Village Panchayat, the more homogenous IU may need a lesser sample size, say 2 CCEs. This is expected to minimize the total CCEs needed by about 30-40%. States can adopt this technique (of using satellite based remote sensing data for planning of crop cutting experiments) in generating yield estimates while following digital protocol outlined in the preceding paragraphs. For using satellite data for smart sampling, there is need to generate specific crop map. Vegetation Indices need to be computed for the cropped area. On the basis of Vegetation Index, the crop area can be categorized into poor, medium, good and very good crop health strata. Within each stratum, CCE points should be selected randomly. This can be done in consultation with MNCFC and IASRI.

5. Use of Technology to remove area discrepancy in coverage

In cases where area insured is much more than area sown figures resulting in reduction of sum insured and consequently reduction in claims of farmers. Use of RST/ satellite imagery, digitization of land records may be promoted to minimize the area discrepancy.



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6. Use of Innovative Technologies for Direct Yield Estimation

- a. For addressing the problem of reliability of CCEs as well as their accuracy and speed of conducting them, innovative technologies such as RST, drone, online transmission of data etc. will be utilized. This will ensure accurate assessment and timely payments of claims of farmers. The World Bank and MNCFC based on some pilots in this regard recommended that images/ video capture of crop growth at various stages and transmission thereof with CCE data on a real time basis utilizing mobile communication technology with GPS time/ date stamping, can improve data quality/ timeliness and support timely claim processing and payments. This Department has also been piloting such studied in this regard for assessment of crop loss at lower unit level.
- b. After adequate number of pilots when a strong correlation between RST/ Satellite Image derived products results and yield estimates through CCEs has been seen, States and We may use these technologies in estimating the crop yields at IU level, subject to the satisfaction of both States and the insurance company about the accuracy of the yield estimates, to service the claims.

7. Use of Mobile Phone Technology to improve Yield-data Quality and Timeliness

To increase the reliability, accuracy and speed of CCE data, mandatory use of smart phones / hand held devices for capturing images, location of the CCE and for online transmission of data on centralized server (eg Bhuvan server) would be done for faster compilation of data and quick claim settlement. RST and Drones etc. may also be used for the purpose of increasing accuracy and speed of yield estimation through CCEs.

8. The cost of using technology

The cost of using technology etc. for conduct of CCE process specially purchase of smart phones/ hand held devices will be shared between Central Government and State/ U.T. Governments on 50:50 basis, wherever necessary, subject to a cap on total funds to be made available by Central Government for this purpose based on approximate cost of procuring hand held devices/ Smart phones and other related costs.

9. The existing Technical Advisory Committee (TAC) comprising of representatives from Indian Agricultural Statistical Research Institute (IASRI), State Remote Sensing Centres, National Sample Survey Organization (NSSO), Central Statistical Organization (CSO), DAC & FW and the insurance company (AIC) may review sample size of CCEs from time to time. TAC shall also review any other technical matters related to conduct of CCEs and timely submission of yield data. Assessment of Claims (Wide Spread Calamities)
10. If 'Actual Yield' (AY) per hectare of insured crop for the insurance unit (calculated on basis of requisite number of CCEs) in insured season, falls short of specified 'Threshold Yield' (TY), all insured farmers growing that crop in the defined area are deemed to have suffered shortfall in yield of similar magnitude. **Pradhan Mantri Fasal Bima Yojana (PMFBY)** seeks to provide coverage against such contingency.

'Claim' shall be calculated as per the following formula:



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$$\frac{(\text{Threshold Yield} - \text{Actual Yield})}{\text{Threshold Yield}} \times \text{Sum Insured}$$

Where,

Threshold yield for a crop in a notified insurance unit is the average yield of past seven years (excluding a maximum of two calamity year(s) as notified by State Government/ UT) multiplied by applicable indemnity level for that crop.

11. Illustration

In table below, assumed yield of wheat for the last 7 years is given for insurance unit area of "X". Calculation of TY for Rabi 2014-15 season is as under:

Year	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Yield in kg/ha	4500	3750	2000	4250	1800	4300	1750

The years of 2010-11, 2012-13 and 2014-15 were declared natural calamity years.

Total of yields of seven years is 22350 kg/ha and that of two worst calamity years is 3550 kg/ha i.e. (1800+1750). Therefore according to the provision, average of past seven years excluding maximum two calamity years will be $(22350 - 3550) / 5 = 3760$ kg/ha. Hence, threshold yield at 90%, 80% and 70% of indemnity levels will be 3384 kg/ha, 3008 kg/ha and 2632 kg/ha respectively.

B. On Account Payment of Claims due to Mid-Season Adversity

It is proposed to provide immediate relief to insured farmers in case of adverse seasonal conditions during the crop season viz. floods, prolonged dry spells, severe drought etc., wherein expected yield during the season is likely to be less than 50% of Threshold yield.

a) Eligibility Criteria:

- All notified Insurance Units would be eligible for "ON ACCOUNT" payment only if the expected Yield of the affected crop during the season is less than 50% of threshold yield.
- The provision is invoked by the State Government through damage notification based on the proxy Indicators.
- The provision could be invoked for a specific crop or group of crops in Notified Insurance Unit, depending on fulfillment of laid down conditions.
- Insurance company may decide the quantum of likely losses and the amount of 'on-account' payment based on the joint survey of Insurance Company and state government officials.
- Only those farmers would be eligible for financial support under this cover who has paid the premium / the premium has been debited from their account before the damage notification by the state government invoking this provision for compensation.
- Maximum amount payable would be upto 25% of the likely claims, subject to adjustment against final claims.



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- vii. If adversity occurs within 15 days before the normal harvest time, this provision will not be invoked.

b) Proxy-Indicators:

Indicators to be used for loss intimation could be rainfall data, other weather data, satellite imagery and crop condition reports by district level state government officials, supported by media reports. The State's notification should also spell out all the necessary details in this regard.

c) Loss assessment procedure:

- i. Joint committee of State Government and the insurer for assessment of crop damage, will be formed and notified before start of the crop season by the SLCCI for each district.
- ii. This Joint Committee shall decide the eligibility for on-account payment based on the weather data (available AWS notified by the Government) /long term average rainfall data/satellite imagery supported by estimated yield losses at notified Insurance unit level. Loss intimation order has to be issued within 7 days from the adverse seasonal event.
- iii. Based on the above report, a joint inspection of the affected area may be done by Insurance Company for ground truthing with State government officials and arrive at the extent of loss.
- iv. Information/ Services of Mahalanobis National Crop Forecast Centre (MNCFC) may also be utilized for determination of extent of loss for on-Account payout.
- v. If the expected loss of the affected crop is more than 50% of the normal yield for the Notified Insurance Unit, on-account payment would be payable.
- vi. On-account payment would be calculated as per following formula:

$$\frac{(\text{Threshold Yield} - \text{Estimated Yield})}{\text{Threshold Yield}} \times \text{Sum Insured} \times 25\%$$

d) Time frame for loss assessment and submission of report:

- i. An order will be issued by State Government defining eligibility of on account payment with details of damaged Insurance Units within 7 days from the occurrence of adverse seasonal event.
- ii. Loss assessment report at the affected insurance unit level has to be completed by the joint committee within 15 days from occurrence of the adverse seasonal event.

e) Conditions:

- i. Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity would not make a farmer eligible for the claim.



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- ii. The On-account payment would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
- iii. On- account payment would be paid to all eligible insured farmers within one month of the notification invoking this provision by the State Government and subject to receipt of loss report from State Government.
- iv. These claims would be adjusted from the end season area approach yield based claims.

2. Illustration

District 'A' has been affected by floods having 100 insurance units under Crop 'X'. Out of which 50 insurance units were severely affected and as per the weather indicators / agro-met data, it has been assessed that 30 insurance units could have yield loss of more than 50% (compared to the threshold yield). Out of these 30 insurance units, estimated yield loss for 5 units is 80% (Category-I), for another 10 units, it is 70% (Category-II) and remaining 15 units, it is 60% (Category-III) of normal average yield. As per declarations received, if sum insured for notified areas in Category-I, Category-II and Category-III is Rs. 1 crore, Rs. 2 crore, and Rs 3 crore, respectively, then likely total claims will be Rs. 80 lakh, 140 lakh and 180 lakh, respectively. Hence on-account claims upto 25% shall be Rs. 20 lakh, 35 lakh and 45 lakh, which will be released during the season subject to receipt of premium subsidy.

C. Prevented / Failed Sowing and Prevented Planting / Germination Claims

It is proposed to provide insurance cover to farmers in case of widespread incidence of eligible risks affecting crops in more than 75% of area sown in a notified unit at early stage leading to total loss of crop or the farmers are not in a position to either sow or transplant the crop. The precondition for this cover is issuance of notification of the scheme before commencement of normal sowing process and details of insurance coverage from banks should have been advised to The insurance company.

a) Eligibility Criteria:

- i. The State Government would provide Notified Insurance Unit and crop wise normal area sown at the beginning of the season within 15 days.
- ii. Notified Insurance Units will be eligible for "Prevented Sowing/ Planting" pay-out only if more than 75% of Crop Sown Area for notified crop remained unsown due to occurrence of any of the above perils.
- iii. The provision is invoked by the State Government through notification based on the proxy Indicators.
- iv. Only those farmers would be eligible for financial support under this cover who have paid the premium / the premium has been debited from their account before the notification by the state government invoking this provision for compensation.
- v. The State Government would notify crop wise and agro-climatic zone or district wise cut off dates by which, this provision could be invoked.



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b) Proxy-Indicators:

Indicators like rainfall data, other weather data, satellite imagery and crop condition reports by district level State Government official, media reports and area sown data released by State Government

c) Loss assessment procedure:

- i. State Government would declare a Notified Insurance Unit as having suffered Prevented or Failed Sowing/ Planting conditions with approximate areas in percentage of the unit.
- ii. The Lump sum payout under this cover would be limited to 25% of the sum insured and the insurance cover will be terminated.

d) Conditions:

- i. The cover will be available for major crops only.
- ii. Mere disbursement/ sanction of loan without receipt/ debit of premium before the notification of calamity won't make a farmer eligible for claim.
- iii. The insurance company would disburse the claim within 30 days of the State's order / notification invoking the event of the insured risk provided the data on estimated area sown have been received from State Government.
- iv. The pay-out under the cover would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
- v. Insurance Cover would terminate for the affected crop in a Notified Insurance Unit once a claim under this section is invoked and the Affected Insurance Unit/ Crop would not be eligible for area yield based claim calculated at the end of the season.
- vi. This provision would be needed to be invoked within the cut-off date as notified by the state government, beyond which if invoked, no claim would be payable.
- vii. Once this provision is invoked, no fresh enrolment of farmers for the affected notified crops and areas would be done.
- viii. Once exigency is invoked it applies to all the insured farmers in the Notified Insurance Unit for a given crop, including for those whose crop survived.

5. Illustration

District 'B' with 100 insurance units has been affected by dry-spell at the beginning of crop season, consequently about 80% of the area could not be sown in about 50 insurance units for groundnut crop, where per hectare sum insured is Rs. 20,000. As per provision of payment for prevented sowing, the benefit payable is sum insured X 25%, which on a sum insured of Rs. 20,000 works out to Rs. 5000 in the 50 insurance units which have more than 75% area which could not be sown.

D. Post-Harvest Losses

It is proposed to provide for assessment of yield loss on individual plot basis in case of occurrence of cyclone, cyclonic rains and unseasonal rains throughout the country resulting in damage to harvested crop lying in the field in 'cut and spread' condition up to maximum period of two weeks (14 days) from harvesting for sole purpose of drying



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a) Eligibility criteria:

- i. Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance have been availed.
- ii. Available for all crops damaged by specified perils, which are left in the field after harvesting in “cut and spread condition” for drying up to a period of 14 days from harvest.

b) Proxy-Indicators:

Report in the local media or reports of the agriculture/ revenue department supported by media reports and other evidences.

c) Loss assessment procedure:

Time and method of reporting the loss/claims

- i. Immediate intimation (within 48 hours or any other agreed time limits) by the insured farmer to any one as detailed below.
- ii. Intimation must contain details of survey number-wise insured crop and acreage affected.
- iii. Premium payment verification to be reported in next 48 hours by the farmer/Bank.

Whom to be reported i.e. Channel of reporting:

Intimation may be given within 48 hours (or within any other agreed timelines) by farmer either directly to the insurance company, concerned bank, local agriculture department government/district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation/ intimations can be redirected to Insurance Company through backend*) to the insurance company. First mode of intimation will be centralised Toll Free Number. In absence of such a facility, the report can be given to banks or Government officials and the same would be forwarded/ intimated to the insurance company immediately. The banks would verify the insured details like crop insured, sum insured, premium debited and date of debit before sending the same to insurance company.

Documentary evidence required for claim assessment:

- Duly filled Claim form along with all relevant documents is requisite for payment of claims. However, if information on all the columns is not readily available, semi-filled form may be sent to the insurance company and later within 7 days of the loss, filled form may be submitted.
- Local Newspaper cutting and any other available evidence to substantiate occurrence of loss event and severity of the loss, if any.



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Appointment of Loss Assessors by the Insurance Company:

The loss assessors would be appointed by the insurance company for assessment of losses due to the operations of Post-harvest losses (Yield Insurance). The loss assessors appointed should ideally possess following experience and qualification:

- Any Graduate (preferably Agriculture i.e. B. Sc. (Ag.)) with minimum 2 years' relevant experience.
- Retired Government officials of Agriculture/ Horticulture/ Extension Department having B. Sc. Ag.) degree.
- Retired Bank officials with experience of crop loaning or KCC. For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required.

The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

Time frame for loss assessment and submission of report

- i) Appointment of loss assessor within 48 hours from receipt of information
- ii) Loss assessment to be completed within next 10 days
- iii) Claim settlement/ payment to the farmers to be completed in next 15 days (subject to receipt of premium) from loss assessment report.

d) If the affected area under a notified crop is more than 25% of the total insured area in a notified insurance unit, all the eligible farmers (who have taken insurance for the notified crop, which has been damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered post-harvest loss and would be eligible for financial support. Percentage of loss would be arrived at by requisite percentage of sample survey (as decided the Joint Committee) of affected area by the insurance company.

e) If the claim on area approach (based on CCEs) is more than the claims of the Post-Harvest losses, the difference claims will be payable to affected farmers. If claim for Post-Harvest is higher, no recovery will be applicable from affected farmers.

f) Conditions:

- i. Mere disbursement/ sanction of loan without receipt/ debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.
- ii. When affected area is limited up to 25% of total insured area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have paid premium prior to occurrence of insurance peril.
- iii. The pay-out under the cover would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.



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- iv. The insurance company would disburse the claim, if payable within 30 days of receipt of loss survey report.
- v. If end of season claim based on the yield data is more than the claim under this cover, the balance would be paid at the end of the season under widespread claims.
- vi. Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.

2. Illustration

- a) Sum Insured for a crop = Rs. 50,000
- b) Affected area of the I.U. = 80% (eligible for sample survey)
- c) Assessed loss in the affected area/fields due to operation of insured peril = 50%
- d) Claims Payable under Post Harvest loss = Rs. 50,000 × 50% = Rs 25,000
- e) End of season reported shortfall in yield = 60%
- f) Claim estimated based on 'area approach' at IU level = Rs. 50,000 × 60% = Rs. 30,000

Balance payable at end of season = Rs. 30,000 - Rs. 25,000 = Rs. 5,000

E. Localized Risks

It is intended to provide insurance cover at individual farm level to crop losses due to occurrence of localized perils/ calamities viz. Landslide, Hailstorm and inundation affecting part of a notified unit or a plot.

a) Eligibility Criteria:

- i. Available to all insured farmers, at farm unit level, affected by above mentioned perils in a Notified Insurance Unit growing notified crops for which insurance has been availed.
- ii. Maximum liability is limited to proportionate Sum Insured of damaged crop's area. This would be based on the proportion of cost of inputs incurred during sowing period to the sum insured.
- iii. Only those farmers would be eligible for financial support under this cover who have paid the premium/the premium has been debited from their account before occurrence of the insured peril.
- iv. Maximum pay-out under this provision would be in proportion to cost of inputs, incurred up to the occurrence of insured peril, subject to the sum insured. If the payout under area approach (based on CCEs data) is more than localized losses, the higher claims of two will be payable to insured farmers.
- v. If the affected area under a notified crop is more than 25% of the total insured area in a notified insurance unit, all the eligible farmers (who has taken insurance for the notified crop, which has been damaged, and informed about occurrence of calamity in the farm within the stipulated time) in the notified insurance unit would be deemed to have suffered localized loss and would be eligible for financial support. Percentage of loss would be arrived at by requisite percentage of sample survey (as decided the Joint Committee) of affected area by the insurance company.

b) **Proxy-Indicators:** Report in the local media or reports of the Agriculture/ Revenue Department.

c) **Loss assessment procedure:**



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Time and method of reporting the loss/claims

- i. Immediate intimation (within 48 hours or any other agreed time limits) by the insured farmer to any one as detailed in (iv.a) below.
- ii. Intimation must contain details of survey number-wise insured crop and acreage affected.
- iii. Premium payment verification to be reported in next 48 hours by the farmer/ Bank.
- iv. Mobile application may be used for reporting incidents of localized risks for intimation of events including longitude/ latitude details and pictures using NRSC Mobile App.

Whom to be reported i.e. Channel of reporting:

Intimation may be given within 48 hours (or any other agreed timelines) by farmer either directly to the insurance company, concerned bank, local agriculture department government/district officials or through toll free number (*Centralised dedicated Toll Free Number for claim intimation, intimations can be redirected to respective Insurance Companies through backend*) to insurance company. First mode of intimation will be centralized Toll Free Number and in absence of such facility, the report can be given to banks or Government officials, the same would be forwarded/ intimated to the insurance company immediately on receipt of such information. The banks would verify the insured details like crop insured, sum insured, premium debited and date of debit before sending the same to insurance company.

Documentary evidence required for claim assessment,

- Duly filled Claim form along with all relevant documents is requisite for payment of claims. However, if information on all the columns is not readily available, semi-filled form may be sent to the insurance company and later within 7 days of the loss, filled form may be submitted.
- Evidence of crop loss through capturing pictures using mobile application, if any.
- Local Newspaper cutting to substantiate occurrence of loss event and severity of the loss, if any.

Appointment of Loss Assessors by the Insurance Company:

The loss assessors would be appointed by the insurance company for assessment of losses due to the operations of Localized Risks (Yield Insurance). The loss assessors appointed by the insurance companies should be in accordance with the IRDAI provisions. The loss assessors appointed should preferably possess following experience and qualification:

- i. Any Graduate (preferably Agriculture i.e. Diploma / B.Sc. (Ag.)) with minimum 2 years' experience of crop insurance.
- ii. Retired Government officials of Agriculture/ Horticulture/ Extension Department having Diploma / B. Sc. (Ag.) degree.
- iii. Retired Bank officials with experience of crop loaning or Kisan Credit Card (KCC). For compliance under the above provisions the insurance companies would empanel the suitable loss assessors for using their services as and when required.

The loss would be jointly assessed by a team comprising of loss assessor appointed by the insurer, block level agriculture officer and the concerned farmer.

Time frame for loss assessment and submission of report



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- Appointment of loss assessor within 48 hours
- Loss assessment to completed within next 10 days
- Claim settlement to be completed in next 15 days, subject to receipt of premium
- Maximum liability would be limited to proportionate Sum Insured of damaged cropped area.

d) Conditions:

- i. Mere disbursement/sanction of loan without receipt/debit of premium before the occurrence of insured peril would not make a farmer eligible for claim.
- i. When affected area is limited upto 25% of total insured area in the notified insurance unit, the losses of eligible farmers would be assessed individually provided they have paid premium prior to occurrence of insurance peril.
- ii. The pay-out under the cover would be disbursed by the insurance company only after the receipt of Government share of premium subsidy.
- iii. The insurance company would disburse the claim, if payable within 30 days of survey of loss.
- iv. If, at the end of season, based on the yield data, claim is more than the claim under this cover, the balance would be paid at the end of the season under widespread claims.
- v. Farmers getting enrolled or whose premium is debited after occurrence of insurance peril would not be eligible for financial support under this cover.
- vi. Bank would remit farmers premium with farmers list within 7 days of intimation of loss under this section, if not sent earlier.

2. Illustration

- a) Sum Insured for a crop = Rs. 30,000
- b) Assessed loss in the affected area due to operation of insured peril = 40%
- c) Claims Payable under this cover = Rs. 30,000 × 40% = Rs 12,000
- d) End of season reported shortfall in yield = 60%
- e) Claim estimated based on 'area approach' at IU level = Rs. 30,000 × 60% =
- f) Rs. 18,000

Balance payable at end of season = Rs. 18,000 - Rs. 12,000 = Rs. 6,000

X. PROCEDURE FOR SETTLEMENT OF CLAIMS:

1. Upfront premium subsidy from Ministry of Agriculture and Farmers' Welfare, Government of India and concerned State/ UT, should have been received for the season, by insurance company to enable them to settle the claim.
2. In case of widespread calamity (end of season claims), once yield data is received from State Government as per the cut-off-dates decided, claims will be worked out as per Declarations/ proposals received from banks / channel partners / insurance intermediaries for each notified area and crops and claims will be approved by Competent Authority of Insurance company.
3. In case of farmers covered through Financial Institutions/Banks, claims shall be released only through electronic transfer, followed by hard copy containing claim particulars, to individual bank branches/ nodal banks; and banks branches/ PACs at grass root level, will credit into accounts of individual farmers within a week of receipt of funds from the Insurance companies and shall provide a certificate to the insurance companies along with list of



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farmers benefited. Bank Branch should also display particulars of beneficiaries on notice board and also upload the same on crop insurance portal.

4. In case of farmers covered on voluntary basis through intermediaries, payable claims will directly credited to the concerned bank accounts of insured farmers and details of the claims may also intimated to them.
5. In case of claims under prevented/failed sowing, localized calamities, post-harvest losses; insurance company will process the claims after assessment and shall release the claims as per procedure given in the relevant sections above.
6. Disputed claims / sub-standard claims, if any will be referred within three months of claim disbursement through SLCCCI/ State Government to DAC & FW for consideration and decision of DAC & FW in case of any interpretation of provisions of scheme or disputes will be binding on State Government / Insurance Company / Banks and the farmers.

XI. IMPORTANT CONDITIONS / CLAUSES APPLICABLE FOR COVERAGE OF RISKS

1. Insurance companies should have received the premium for coverage either from bank, channel partner, insurance intermediary or directly. Any loss in transit due to negligence by these agencies or non remittance of premium by these agencies, the concerned bank / intermediaries shall be liable for payment of claims.
2. In case of any substantial misreporting by nodal bank /branch in case of compulsory farmers coverage, the concerned bank only shall be liable for such mis-reporting.
3. Mere sanctioning/ disbursement of crop loans and submission of proposals/ declarations and remittance of premium by farmer/ bank, without explicit intent to raise the crop, does not constitute acceptance of risk by insurance company.
4. **Acreage discrepancy**

Some areas in the past have reported excess insurance coverage vis-à-vis planted acreage, leading to over-insurance. Ideally the discrepancy should be handled at farm level to protect the interest of farmers with genuine insurance coverage. All suitable measures should be taken by concerned stakeholders for de duplication with the help of land records, banks records, revenue records and proposal/loan application of insured farmers. However, in the absence of digitized farm records on a GIS platform, it would be cumbersome to physically verify each farm when the reported discrepancies are comparatively large compared to the sown areas. For the time-being, it is to be addressed as follows:

- a) Wherever the 'acreage discrepancy' is likely, the acreage insured at IU level **shall be compared with average planted acreage of past three years, and the difference is treated as 'excess' insurance coverage after taking into account sown area data of the Revenue authority.**
- b) Sum insured is scaled down in the proportionate ratio the average of three years' actual planted acreage bears to the insured acreage for the given crop.
- c) Claims shall be calculated on the scaled down sum insured
- d) Premium (farmer share and Central and State Government Subsidy) shall be refunded back to Government of India for the portion of sum insured scaled down and the amount may be utilized for improvement of technology/ research/ Impact assessment etc.

Once the individual farms (plots/ survey numbers) are digitized and available on a GIS platform, it is quite possible to overlay the crop cover as derived using satellite imagery on the GIS platform



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to identify the crop and estimate the cropped area on each farm. This should lead to identifying the acreage discrepancy at individual farm level.

XII. COLLECTION OF PROPOSALS AND PREMIUM AMOUNT:

1. The present Nodal Bank system under NAIS/ NCIP will continue for PMFBY as well.

Nodal Bank system:-- wherein the We are not required to deal with all loan disbursing points and deals only with designated 'nodal points', at district level which are mostly controlling offices.

For Cooperative Banks only, wherein the insurance company is not required to deal with all the loan disbursing points (PACs) and instead, deals only with designated Nodal banks. However, individual bank branches for Commercial Banks/ RRBs shall act as Nodal branch for this purpose. **The concerned Lead bank and Regional offices/ Administrative offices of commercial banks/ RRBs will provide necessary guidelines to concerned bank branches and coordinate with them to ensure that all concerned branches submit the consolidated proposals to insurance companies well within the stipulated cut-off dates and also upload the soft copy of insured details in crop insurance portal. Besides, insurance company may also use their authorized/licensed insurance agents/ insurance intermediaries for the coverage of non-loanee farmers only.**

Declaration/ proposal formats to be submitted by Nodal banks/ Branches shall contain details about Insurance Unit, sum insured per unit, premium per unit, total area insured of the farmers, number and category of farmers covered (small and marginal or other) and number of farmers under other categories (SC/ ST/ others) / Women along with their bank account details etc. (bank / their branches) as per the specified format.

Loanee farmers (Compulsory coverage)

2. Whenever banks sanction loan for a notified crop in a notified area, the crop loan amount only to the extent of **Scale of Finance for notified crops** and acreage of individual notified crops of loanee farmers shall be taken into consideration for compulsory coverage, as per seasonality discipline. Based on seasonality of Crops, banks should separately calculate the eligibility of loan amount for both Kharif and Rabi seasons based on the scale of Finance and declared acreage under notified crops. Disbursing bank branch/ Primary Agriculture Cooperative Society (PACS) will prepare monthly statement of crop-wise and insurance unit-wise details of crop insurance with premium as per the seasonality discipline. Loan disbursing bank branch/ PACS will finance the additional loan towards premium amount payable by farmer for crop insurance.
3. Crop loans through Kisan Credit Cards (KCC) are covered under compulsory coverage and banks shall maintain all back up records and registers relating to compliance with PMFBY and its seasonality discipline and cut-off-date for submitting Declarations in case of normal crop loans. Bank branch will apportion coverage among insurable crops, based on acreage mentioned in loan application or on the basis of actual area sown as declared by the farmer subsequently.



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4. Bank branches of commercial banks and RRBs/ Nodal Bank in case of PACS under its jurisdiction shall consolidate insurance proposals/ statements from their bank branch/ PACS under its jurisdiction, respectively and forward the same to insurance company along with details of remittance/ RTGS towards insurance premium, in accordance with cut off dates, as specified by SLCCI for that particular crop and season.

(b) Non-loanee farmers (Optional coverage) through Channel Partners:

5. Farmers desirous of availing insurance shall fill up Proposal Form of the Scheme and submit the same to nearest bank branch or authorized channel partner or insurance intermediaries of insurance company.
6. In case channel partner is a Bank, farmers will submit duly filled up proposal form in the village branch of a Commercial Bank (CB) or Regional Rural Bank (RRB), or PACS (DCCB) with requisite insurance premium amount. Operating a bank account is essential for such cases. Branch/ PACS officials will assist the farmers in completing the insurance proposal form and provide necessary guidance. While accepting the proposal and premium, Branch/ PACS will be responsible for verification of eligible sum insured, applicable premium rate, etc. PACS will thereafter consolidate these particulars and send them directly/ to respective Nodal Banks respectively which will, in turn, submit crop-wise and insurance unit-wise Crop Insurance Declarations in the prescribed format, along with the premium, within the stipulated time, to insurance company. However the bank branches of commercial banks/ RRBs will directly submit the consolidated proposals along with details of insured farmers in the format envisaged in the crop insurance portal within the stipulated time.
7. Non-loanee cultivators could also be serviced directly by any designated agencies, other authorized channel partners or insurance intermediaries, approved by the IRDA for the purpose and they will act as a guide and facilitator wherein they will advise them the benefits and desirability of the Scheme and guide the farmers through procedures; collect requisite premium and remit individual/ consolidated premium to insurance company, accompanied by individual proposal forms and summary details in Declarations/ Listing sheet (MIS), provide soft copy to insurance company and details of each insured farmer and will also upload the data directly to the crop insurance portal.
8. While accepting the Proposal and the premium from aforesaid, designated agents, other authorized channel partner or insurance intermediaries, approved by the IRDA, **it shall be the responsibility of Insurance Company or its designated agents to verify insurable interest and collect the land records, particulars of acreage, sum insured, crop sown etc. and applicable contract/ agreement details in case of share croppers/ tenant farmers.** The designated intermediaries shall remit the premium with consolidated proposals within 7 days. However, it is mandatory that the Non-loanee cultivators serviced by the designated intermediaries should hold a bank account in order to facilitate remittance of the claim, if payable.

Non-loanee Farmers (Optional coverage) - directly to Insurance companies

9. Non-Loanee farmer may submit insurance proposals personally / through post to insurance company with requisite premium. Non-loanee farmer can also avail insurance through 'on-line portal' of concerned insurance company or crop insurance portal designed by Government for the purpose. However, it is mandatory that Non-Loanee farmers, personally submitting proposals to insurance company or through crop



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insurance portal, should have insurable interest and submit necessary documentary evidence as proof as decided by SLCCCI (like print copy of application along with remittance of premium). The insured farmer forfeits the premium and the right to claim (if any) if the material facts furnished in the proposal form are wrong or incorrect.

10. Insurance company retain the right to accept or reject insurance proposal(s) in case proposal is incomplete, not accompanied by necessary documentary proof or insurance premium ordinarily, within one month of receipt of proposal by Insurance Companies. If the proposal is rejected the insurance company will refund full collected premium.

Option for change of crop name

11. Farmers covered, on voluntary basis, can buy insurance before actual sowing/ planting, based on advance crop planning. However, for any reason if a farmer changes the crop planned earlier, he should intimate the change to insurance company, at least 30 days before cut-off-date for buying insurance or sowing, through financial institution/ channel partner/ insurance intermediary/ directly; as the case may be, along with difference in premium payable, if any, accompanied by sowing certificate issued by concerned village/ sub-district level official of the State. In case the premium paid was higher, insurance company will refund the excess premium.

Similarly, loanee farmers can also change the name of insured crop from the original crops submitted in the loan application but such changes should be submitted in writing to the concerned bank branch well in advance so that their proposed crops should be insured. However changes of non-notified crops to notified crops without submitting the sowing certificate is not permissible. Bank will ensure that all standard loans sanctioned for notified crops within stipulated cut-off date should compulsorily be covered.

12. Declarations/ proposals received from the Banks/ PACS after the cut-off date shall be summarily rejected and the liability, if any, for such declarations shall rest with the concerned bank. Therefore, the Banks/ PACS must not receive any proposal after the cut-off date of coverage. The Banks/ PACS must also ensure that the consolidated statement along with the premium amount is remitted to the insurance company within the stipulated time, failing which they shall be responsible for payment of claims, if any to the farmers. However, any dispute in the matter may be referred to the Department by the concerned State/ Agency.
13. The concerned branches of banks and Nodal Banks/ DCCBs in case of PACS will also collect the list of individual insured farmers (both loanee and non-loanee) with requisite details like name, father's name, Bank Account number, village, categories – Small and Marginal/ SC/ ST/ Women, insured acreage, details of insured land, insured crop(s), sum insured, premium collected, Government subsidy etc. from concerned branch in soft copy also for further reconciliation and send the same to the concerned insurance company within 15 days after final cut-off date for submission of Proposal/ Declaration to insurance company and also upload the same on the crop insurance portal. Same standard format of crop insurance portal will be utilized.
14. Insurance company may also collect the requisite information in respect of non-loanee farmers from the channel partner in same formats. It is the responsibility of the concerned insurance companies to collect/obtain the details of the insured farmers



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(both loanee and non-loanee) from the bank/financial institutions/ intermediaries/ agents and facilitate the banks to upload the same on crop insurance portal.

15. Insurance Company should also verify and be satisfied themselves about the coverage of farmers/ crops and up-load the same in their websites within a month preferably before approaching the Government to release the final installment of subsidy under the scheme.

XIII. SEASONALITY DISCIPLINE:

The broad seasonality discipline can be as under. However this can be modified based on geography and type of cropping pattern of respective areas.

Sl. No.	Activity	Kharif	Rabi
	Issuance of Administrative Instructions by Government of India.	February	August
2	Conduct of SLCCCI meeting to decide for notification of Crops and Notified areas, limits of Sum Insured, and adoption of Level of Indemnity etc.	March	September
3	Issuance of Notification by SLCCCI of State/ UT	March	September
4	Entry of all requisite information/data on crop insurance Portal	Within a week of issuance of notification.	
5	Loaning period (loan sanctioned/ renewed) for Loanee farmers covered on Compulsory basis.	April to July	October to December
6	Cut-off date for receipt of Proposals of farmers/debit of premium from farmers account (loanee and non-loanee).	31st July	31st December
7	Cut-off date for receipt of consolidated Declarations/ proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from Bank branches (CBs/ RRBs) to respective insurance companies and DCCBs for PACS.	Within 15 days for loanee and 7 days for non loanee farmers after cut-off date	
8	Cut-off date for receipt of farmers covered on Voluntary basis from designated insurance Agent(s) to Insurance Companies.	Within 7 days of receipt of declaration/ premium.	
9	Cut-off date for receipt of Proposal of Loanee farmers covered on compulsory basis and non-loanee farmers covered on Voluntary basis from respective DCCBs/ Nodal Banks (for cooperatives).	Within 7 days of receipt of Declarations by the respective Nodal bank offices	
10	Uploading of soft copy of the details of individual insured farmers by Commercial	Within 15 days after cut-off date for collection of premium from farmers	



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	banks /RRBs / PACS / Intermediaries	
11	Cut-off date for receipt of yield data	Within a month from final harvest
12	Processing, Approval and Payment of Final Claims based on yield data	Three weeks from receipt yield data

- Further, in case of three crop / season pattern, a modified discipline keeping in mind the overall seasonality discipline prescribed above, shall be adopted by State Level Co-ordination Committee on Crop Insurance (SLCCCI).
- Keeping in mind the specialty and catastrophic nature of crop insurance, SLCCCI shall fix seasonality in such a way that it does not encourage adverse selection or moral hazards and also ensure early payment of claims to eligible insured farmers. Scheme also has provisions of claims due to prevented sowing and option to change the insured crop. Hence, State Government will take all necessary steps to ensure enrolment of farmers well within the stipulated time under the scheme.** No relaxation for extension in the above seasonality/cut off dates shall be considered / granted by this department once it is fixed and notified for the crop season however, pre-ponement in cut off dates shall be considered on case to case basis. If any state/ UT extends the above seasonality/ cut off dates on their-own then central share of premium subsidy shall not be available for the concerned notified crops / areas.
- It may be noted that neither DAC & FW nor any State/ UT Government will be authorized to extend the cut-off dates of seasonality under any circumstance. However, States/ UTs in agreement with insurance company may do so, if felt necessary, but in such cases, no central premium subsidy will be provided for the areas / farmers / crops which are covered / insured in the extended period. However, Insurance Company has to inform such agreement to DAC & FW and submit the details of coverage during such extended period separately.

XIV. SPECIAL CONDITION:--

- We should have received the premium for coverage either from bank, channel partner, insurance intermediary or directly. Any loss in transit due to negligence by these agencies or non-remittance of premium by these agencies, We are not liable for payment of claims. Additionally upfront premium subsidy from Government of India and concerned State Government/UT, should have been received in full for the season, by the insurance company to enable to settle the claim
- In case of any substantial misreporting by nodal bank /branch in case of compulsory farmers coverage, concerned bank only shall be liable for such mis-reporting.
- Insurance company will have discretion to accept or reject any risk of an insurance unit(s) for any crop(s) considering prevailing agricultural situation. Mere sanctioning / disbursement of crop loans and submission of proposals/ declarations and remittance of premium by farmer / bank, without explicit intent to raise the crop, does not constitute acceptance of risk by insurance company.
- In event of near total crop failure during early or mid-season affecting entire insurance unit, We shall adopt a graded scale indemnity settlement restricting indemnity to proportion of input cost up



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to that stage. Graded scale shall be worked out by insurance company in consultation with State Government. Wherever necessary, services of expert agencies may be availed, by insurance company for arriving at graded scale of payment.

(e) We, if deemed necessary, will investigate coverage on its own or by an agency appointed for the purpose and may utilize technologies, including satellite imagery for identification of anomalies in crop insurance coverage vis-à-vis actual field conditions. Upon identification of adverse phenomenon based on such investigation, insurance company has the right to scale down sum insured. In such cases no refund of premium paid by farmers shall be made by insurance company.

XV. EXCLUSIONS:

We will not be liable to make any payment under this Policy in connection with or in respect of any expenses whatsoever incurred arising out of damage or loss to Crop resulting from:

- i) The burning of the Crop by order of any public authority or subterranean fire.
- ii) Consequential loss whether or not caused by a peril covered under the Policy.
- iii) Malicious, wilful act or gross negligence of the Insured or any of his representative(s) or employee(s).
- iv) Fire during harvest due to spark originating from engine exhaust and/or other hot machinery parts on harvesters and/or tractors.
- v) Instances where recognized good farming and harvesting practices have not been followed.
- vi) Controllable diseases, weeds and/or controllable insect infestations.
- vii) Theft / clandestine sale of the Crop.
- viii) Intentional destruction of the Crop.
- ix) Poor Crop stand due to defective seed or sampling.
- x) Action of birds and animals.
- xi) Losses occurring prior to the policy period.
- xii) Loss or damage due to or contributed to by the Insured having caused or suffered anything whereby the risks hereby insured against were unnecessarily increased;
- xiii) Any peril not specifically covered under the Policy.
- xiv) Loss, damage cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- xv) Any damage to harvested Crops other than specifically mentioned in the policy schedule.



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xvi) Any damage to crop whilst in transit.

xvii) Any Crop which has been harvested prior to inspection by our loss assessor or without the consent of the Company upon happening of a claim.

xviii) Loss as a consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not) civil war, rebellion, revolution, insurrection, military or usurped power, confiscation, nationalisation, civil commotion, loot or pillage in connection therewith.

xix) Any loss to property, consequential loss, legal liability or bodily injury, illness, disease directly or indirectly caused by or contributed to or arising from ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or the radioactive, toxic, explosive or hazardous properties of any nuclear assembly or nuclear component.

xx) Any expenses whatsoever incurred by an Insured Person in connection with or in respect of any loss, howsoever caused, even if such loss results in diminished agricultural output/yield.

xxi) This insurance does not cover losses caused by earthquake, mudflow, earth sinking, earth rising and /or volcanic activity.

xxii) This policy does not cover losses due to breakdown of irrigation equipment or part thereof.

XVI. GENERAL WARRANTY:

It is warranted that during the Policy Period, the Insured Person(s) should possess all legal ownership/lease rights with regard to the agricultural land and crop cultivated as specified in the Schedule to the Policy. You shall provide to Insurance company such title deeds and other documents as may be required by Insurance company for verification of the Insured Person's ownership/lease of the agricultural land. The due observance and fulfilment of the above shall be a condition precedent for settlement of any claim under this Policy.

XVII. PREMIUM RATE COMMISSION & SERVICE TAX

This is a non-Tariff product and the premium rating of this Policy is dependent on the under mentioned factors:

- Analysis of historical weather data & yield data for fixing Threshold Yield.
- The Claim Payout Table and Trigger point.

The premium rates will be re-insurance driven and will be calculated on the basis of the required data made available by the respective agencies..

A. Commission:- As stipulated by IRDA regulations.

B. Service tax: As applicable.

PMFBY is a replacement scheme of NAIS/MNAIS, and hence exempted from Service Tax

XVIII. GENERAL CONDITIONS:



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1. Notice

You will give every notice and communication in writing to Our office through which this insurance is effected.

2. Misdescription

This Policy shall be void and all premium paid by You to Insurance company shall be forfeited in the event of misrepresentation, misdescription, concealment or non disclosure of any material information.

3. Changes in Circumstances

You must inform insurance company, as soon as reasonably possible, of any change in information You have provided to Insurance company about Yourself, Your landholding etc. In case of such alteration or changes made and not accepted by Insurance company in writing, all covers under this Policy shall cease.

4 Fraud

If a claim is fraudulent on account of fraudulent means or actions used by You, all benefits and rights under the Policy shall be forfeited ab-initio.

5 Contribution

If at any time any defined peril giving rise to a claim under this policy, the Insured has any other Insurance in force in respect of his Crops, whether or not such insurance is valid or collectible, the Company shall be released from all liability in connection with such Crops unless the agreement of the Company to such other Insurance is endorsed on this Insurance.

If the agreement of the Company to such other Insurance is endorsed on this Insurance, the Company shall be liable under this Insurance for the excess beyond any amount insured by such other Insurance in respect of such Crop, whether or not such other Insurance is valid or collectible.

6.Salvage and Recoveries:

You shall dispose of any salvage and recoveries to the best advantage and the amount realised shall belong to Insurance company. However, You shall take all reasonable measures to avoid or minimize the Production Shortfall.

7. No constructive Notice :

Any knowledge or information of any circumstances or condition in connection with the Insured in possession of any official of the Company shall not be the notice to or be held to bind or prejudicially affect the Company notwithstanding subsequent acceptance of any premium.

8. Notice of charge etc.:

We shall not be bound to take notice or be affected by any notice of any trust, charge, lien, assignment or other dealing with or relating to this Policy, but the payment by insurance company to You or Your legal representative of any compensation or benefit under the Policy shall in all cases be an effectual discharge to Insurance company.

9. Right to Inspection:

If required by Insurance company, an agent/representative of the Company including a loss assessor or a surveyor appointed in that behalf shall in case of any loss or any circumstances that have given rise to the claim to the Insured be permitted at all reasonable times to examine into the circumstances of such loss. The Insured shall on being required so to do by the Company produce all books of accounts, receipts, documents relating to or containing entries relating to the loss or such circumstance in his possession and furnish copies



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of or extracts from such of them as may be required by the Company so far as they relate to such claims or will in any way assist the Company to ascertain in the correctness thereof or the liability of the Company under the Policy.

If deemed necessary, the Company shall investigate the coverage on its own or by an agency appointed for the purpose and shall for this purpose utilize satellite imagery data for identification of anomalies in crop insurance coverage vis-à-vis actual field conditions. Upon identification of adverse phenomenon based on such investigations, the company may resort to scaling down of sum insured.

10. Forfeiture of Policy

If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy; or, if the loss be occasioned by the wilful act, or with connivance of the Insured; or, if the claim be made and rejected and an action or suit be not commenced within three months after such rejection, or (in the case of an arbitration taking place in pursuance of General Condition 24 (Arbitration) of the Policy) within three months after the arbitrator or arbitrators or umpire shall have made their award, all benefits under this Policy shall be forfeited.

If the Insured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company in the exercise of its powers under this policy, all benefits under this Policy shall be forfeited.

11. Nominated loss adjusters

It is agreed that in the event of a loss, if the Company so wishes, then the services of the company as stated in the Schedule shall be utilized for any investigation and for loss adjustment; the fee and other service charges for the investigation by the loss adjusters shall be borne by the Company

12. Underinsurance (condition of average)

This Policy is subject to the condition of average, that is to say, if the insured Crops shall at the time of any loss be of greater value than the sum insured stated in the Schedule and calculated in accordance with the basis of Indemnity (the Cropping Plan), the Insured shall only be entitled to recover hereunder such proportion of the said loss as the sum insured bears to the total value of the said Crop.

13. Time limitation

In no case whatsoever shall the Company be liable for any loss after the expiration of the insurance period unless a claim is the subject of pending action or arbitration.

14. Sale, mortgage, lien or charge

Unless expressly described as such in this Policy or by endorsement hereon, no sum shall be payable hereunder by way of indemnity, compensation or otherwise in respect of any Crops which, during the currency of the period of insurance stated in the Schedule:

- a) the Insured sells or otherwise parts with any interest here on, whether temporarily or permanently or ;
- b) is subject to any mortgage, instrument by way of security, lien or charge or is held (whether by the Insured or by any other person whatsoever) on trust, hire or commission.



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15. Change of risk:

If the interest in the Crops insured passes from the Insured otherwise than by will or operation of law, the insurance ceases to attach unless the Insured, before the occurrence of any loss, obtains the sanction of the Company signified by endorsement upon the Policy, by or on behalf of the Company.

The Insured shall within twenty-four (24) hours notify the Company by any means of communication and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require, and the scope of cover and/or premium shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the cover provided under this Policy is confirmed in writing by the Company.

For any reason, if farmer changes the crop planned earlier at the time of buying insurance, such changes should be intimated to financial institution at which insurance proposal was submitted, within 30 days from the cut-off date for buying insurance, accompanied by sowing certificate issued by concerned official of the State at village level. Where required, the farmer will pay the difference in premium or company will refund difference in premium, as per the premium structure.

Any change or changes in management and key personnel as described in the proposal form and additional information provided by the Insured are material and shall be advised to the Company accordingly.

16. Good crop husbandry

The Insured shall practice due diligence in the crop husbandry, care in every respect for the Crops sown/planted and comply with all local requirement for the Crops insured under this policy so as to minimize, diminish or avoid any loss or damage. The Insured is required to keep written records (log books) of all his farming activities during the whole insurance period.

17. Insurance of all Fields

The Insured must offer all of the fields upon which he grows Crops for insurance during the insurance period.

18. Position after a claim

The Insured shall not be entitled to abandon any Crop/ Insured Area, whether the Company has taken possession of the same or not. As from the day of receipt of the claim amount by the Insured as determined by the Company to be fit and proper, the Sum Insured for the remainder of the Period of Insurance shall stand reduced by the amount of the compensation.

19. Subrogation

In the event of payment under this Policy, the Company shall be subrogated to all the Insured's rights or recovery thereof against any person or organisation, and the Insured shall execute and deliver instruments and papers necessary to secure such rights. The Insured and any claimant under this Policy shall at the expense of the Company do and concur in doing and permit to be done, all such acts and things as may be necessary or required by the Company, before or after Insured's indemnification, in enforcing or endorsing any rights or remedies, or of obtaining relief or indemnity, to which the Company shall be or would become entitled or subrogated.

20. Records to be maintained



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The Insured shall keep an accurate record containing all relevant particulars and shall allow the Company to inspect such record. The Insured shall within one month after the expiry of the Insurance Policy furnish such information as the Company may require.

21. Duties after a loss

In case of a probable loss to the Crops insured under this policy, You must comply with the following:

21.1. Give the Company written notice within 48 hours or any other agreed time limits after the occurrence.

21.2. If a probable loss is determined after harvest begins on an insured Crop, notice must be given immediately and a representative sample of the unharvested Crop (at least 2 meters wide and the entire length of the Field) must remain unharvested, unless the Company gives the Insured his written consent to harvest the representative sample.

21.3. Give promptly notice to the Company if, during the period before harvest, the Insured's Crop is damaged to the extent that the Insured does not expect to further care for the Crop or harvest it, or if the Insured wants the Company consent to put the Field to another use, or additional damage occurs after consent to put the Field to another use is given.

21.4. Leave intact any Field which is not to be harvested until the Company makes an inspection of the same.

21.5. Upon the Company request, provide a complete harvesting and marketing record of each Crop, including separate records showing the same information for production from any uninsured Field.

21.6. Sign a withdrawal of claim when the Company's inspection of the Crop determines that there is no payable loss under the terms of this policy.

21.7. It shall be a condition precedent to the payment of any indemnity that the Insured makes available to the Company any and all information requested by the Company and allow his access to the Crops insured to permit him to verify and substantiate the total production of the Crop insured under this policy by insurance unit.

Note:- The Company may reject any claim for indemnity submitted by You and no indemnity payment will be made if any of the requirements of this section are not met.

22. Cancellation

We may cancel this Policy (except for policies of loanee farmers covered under PMFBY) by sending 15 days' notice in writing by Regd. A.D. to You at Your last known address. You will then be entitled to a pro rata refund of premium for the unexpired period of this Policy from the date of cancellation, which We are liable to repay on demand. You may cancel this Policy by sending written Notice to Insurance company. We will then allow a refund after retaining the premium based on the following Short Period scale.

Cancellation Period	Refund
Within One Week of inception of cover	25% of premium
Beyond One Week of inception of cover but within 15 days of inception of cover	12.5% of Premium



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Beyond 15 days of inception of cover	NIL
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23. Arbitration

If any dispute or difference shall arise as to the quantum to be paid under the Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of the sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration, the same shall be referred to a panel of 3 arbitrators, comprising of 2 arbitrators, 1 to be appointed by each of the parties to the dispute/difference and the 3rd arbitrator to be appointed by 2 such arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996

It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as herein before provided, if the Company has disputed or not accepted liability under or in respect of this Policy.

It is understood, however, that the Insured shall have the right at all times during currency of the Policy to communicate only with the leading or issuing office in all matters pertaining to this insurance.

However for Government of India's sponsored schemes, the disputed claims / sub-standard claims, if any will be referred through SLCCCI to GOI for consideration by the insurance company; and decision of GOI in case of any interpretation of provisions of scheme or disputes will be binding on State Govt. / Insurance Company / Banks and the farmers.

24. Disclaimer Clause

If We shall disclaim Our liability in any claim and such claim shall not have been made the subject matter of suit in a Court of Law within 12 months from the date of disclaimer, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable under this Policy.

25. Renewal Notice:

The Company shall not be bound to accept any renewal premium nor give notice that a renewal as such is due. Every renewal premium (which shall be paid and accepted in respect of this Policy) shall be so paid and accepted upon the distinct understanding that no alteration has taken place in the facts contained in the proposal or declaration herein before mentioned and that nothing is known to the Insured that may result to enhance the risk of the Company under the guarantee hereby given unless intimated to the Company and accepted by it in writing. No renewal receipt shall be valid unless it is on the printed form of the Company and signed by an authorised official of the Company.

26. Protection of Policy Holder's Interest

In the event of a claim, if the same is found admissible under the Policy, we shall make an offer of settlement or convey the rejection of the claim within 30 days of receipt of all relevant documents and Investigation/ Assessment Report (if required).

27. Customer Service:

If at any time the Insured requires any clarification or assistance, the Insured may contact the offices of the Company at the address specified, during normal business hours.

28. Grievance Redressal:



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In case the Insured is aggrieved in any way, the Insured may contact the Company at the specified address, during normal business hours. If the situation so arises that, no reply is received from the Company within one month or the insured is not satisfied with the reply of the company, insured may, subject to vested jurisdiction, approach Insurance Ombudsman relevant to their states for the redressal of his/her grievance.

The details of Insurance Ombudsman is available at IRDA website: www.irdaindia.org, from the website of General Insurance Council: www.generalinsurancecouncil.org.in or from the office of the Company.

XIX. ENDORSEMENT APPLICABLE TO THE POLICY

AGREED BANK CLAUSE

It is hereby declared and agreed that upon any monies becoming payable under this Policy the same shall be paid by the Company to the Bank and such part of any monies so paid as may relate to the interests of other parties insured hereunder shall be received by the Bank as agents for such other parties. That the receipts of the Bank shall be complete discharge of the Company thereof and shall be binding on all the parties insured hereunder.

N.B: The Bank shall mean the first named Financial Institution/ Bank named in the Policy. That if and whenever any notice shall be required to be given or other communication shall be required to be made by the Company to the Insured or any of them in any manner arising under or in connection with this Policy such notice or other communication shall be deemed to have been sufficiently given or made if given or made to the Bank.