



SHIEKAN INSURANCE & REINSURANCE CO. LTD (SIRC)



Can Takaful do More for Agricultural Development in the Sudan?

Presented by Mr. Zaki Hamdan AbuAlbasher
Deputy Managing Director
During The International Takaful Summit
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Topics

1. Agriculture Insurance
2. Crop Insurance
3. Livestock Insurance.
4. Government Support
5. The Fund for alleviating the Impact of Natural Hazards.
6. Conclusion





1- Agriculture Insurance

1-1 Preparatory Steps:

In view of the complexities of the crop sector the start was gradual, careful, slow but sure.

In 1994 a national conference under the auspices of the Presidency was organized to study all aspects and to propose a strategy.

In 1995 a British consultancy was commissioned to prepare a study and a detailed plan.

In 1996 teams were sent abroad to study and acquire experience.

Crop Insurance started in the season 2002/2003 under the government support.





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2-Crop Insurance

2-1 Basis of Coverage

- Multi policy comprehensive Insurance covering production costs.**
- Compensation according to Damaged Area Approach.**
- Policy acts as extra guarantor to financiers.**





--Many Seminars and gatherings with FARMERS TO INCREASE awareness of Agricultural Insurance.

- 2-2 Risk Covered:-

- Pests

-Harvest drowning. Floods in irrigated schemes)

-Sand Hails &Storms.

-Frost.

-Fires & Storms (climatic changes with winter crops

)-Diseases.

- Drought (In rain-fed area.)

-Increase/Decrease of Temperatures.

2-3 Products Covered:-

Cotton

,Maize,sesame,sunflower,Bananas,Vegetables,wheat,Forests.





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2-4 Crop Insurance:

The intention was focused on the irrigated and rain-fed mechanized schemes, in view of the fact that all agricultural requirements are available, though sometimes with some delay.

The start was in the Gezira scheme, which is the largest irrigated scheme in the world, 2.2 million feddans (acres), or almost about a million hectares.

The pilot project was initiated in Wadi Shaeer Group in some 22.000 feds. The success of the first season led to tripling the area in the next season and to start piloting in the rain-fed areas. By the season 2008/2009 the insured area came up to 2.3 million feds, as can be seen from the table No. (1) :





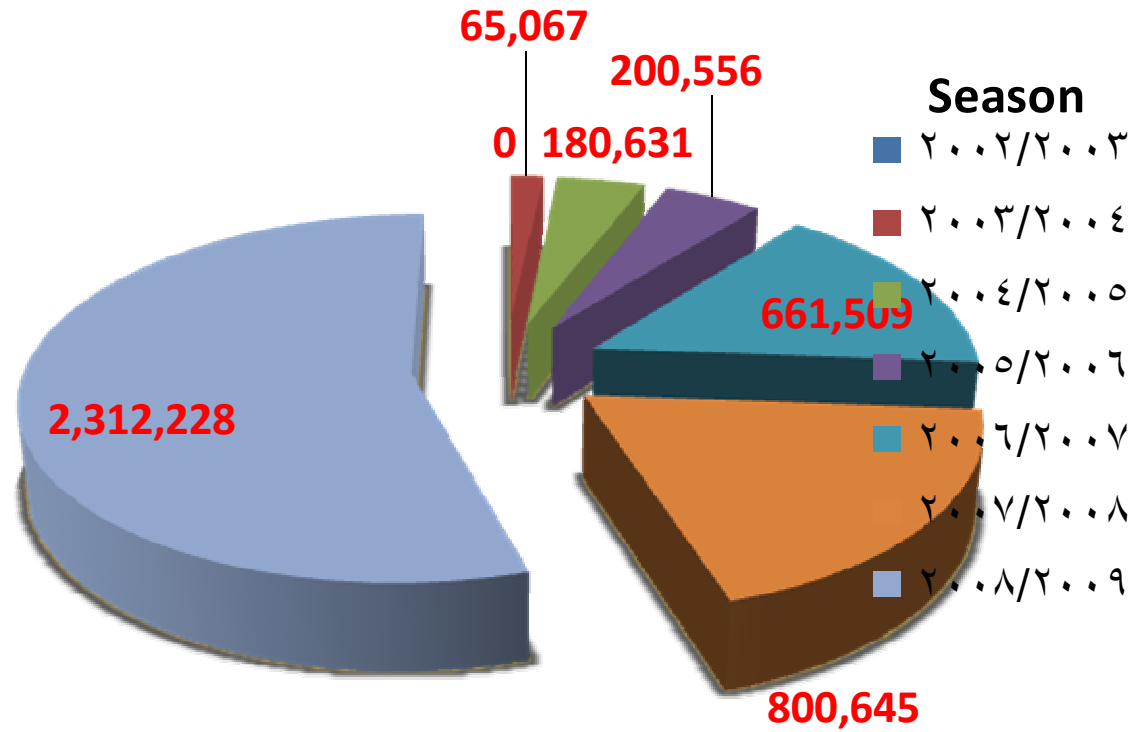
Table No. (1) :

Area Covered

Season	Insured Area (In Fed)
2002/2003	22.069
2003/2004	65.067
2004/2005	180.631
2005/2006	200.556
2006/2007	661.509
2007/2008	800.645
2008/2009	2.312.228



Area Covered in Feddans





The sum insured has gone up from about 9.8 million pounds in the first season to about 372 m. pounds in the last season 08/09, as can be seen from table No. (2):

In the current season 2009/2010 the intention is to double the insured area to almost 4.5 million feds, to start forest tree insurance, glass houses, and horticultural gardens.





Table No. (2) :

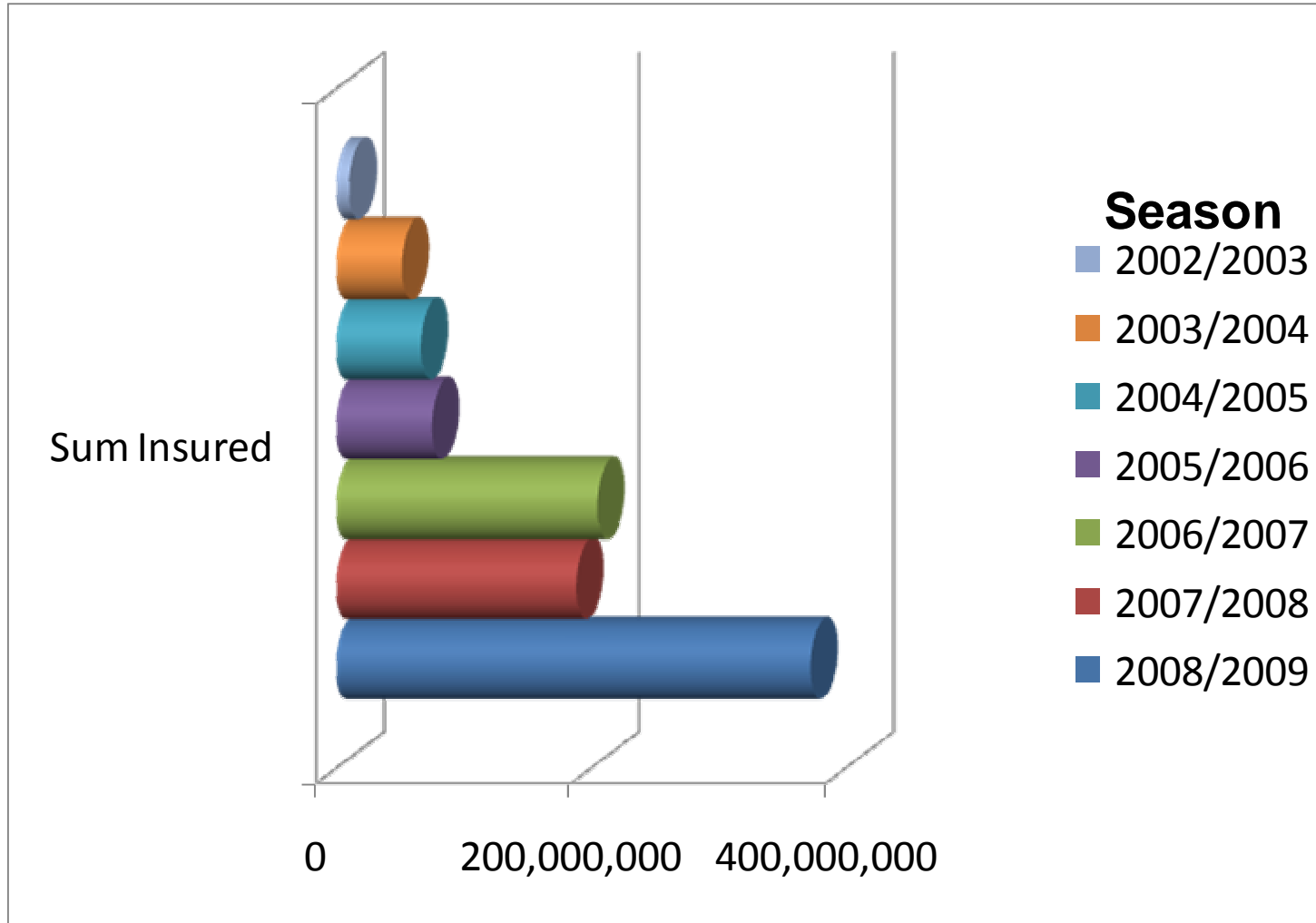
Crop Insurance: S.I

Season	Sum Insured (SDG)
2002/2003	9,796,638
2003/2004	51,069,000
2004/2005	66,165,458
2005/2006	74,546,845
2006/2007	204,622,142
2007/2008	188,096,857
2008/2009	371,646,075





Crop Insurance: Sum Insured





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Crop Insurance **Market Penetration.**

Season	AREA (acres)	Crops	No. of Particip ants
2002	22,064	Cotton	6,300
2008	2,347,000	Cotton, Maize ,Sesame ,Sunflower, Bananas, Vegetables, Wheat, Forests	365,000





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***Crop Insurance
Technical & Financial Data
(Premium & Claims)***

Season	Prem (SDG)	Claims Paid (SDG)	Loss Ratio%
2002	685,764	80,083	11
2008	26,271,931	11,063,510	42





Livestock Insurance

3-2 Livestock Insurance: Livestock insurance started in 1992
- Studies made in 1994 by British company which was later revised
by a French company.

The Coverage:-

The start was with milking cows, but later fattened cows, fattened
sheep, race horses, police hounds, poultry, fish farms.





Risks Covered:-

The stocks are covered against death, incidents, theft from closed farms and abortion.

The indemnity :-

The indemnity covers the actual value of the animal at the time of death, up to, but not exceeding the insurance sum insured.

In case of abortion the indemnity covers 25% of the insured value of the animal minus the deductible.

The following table No. (3) reflects the progress that has been achieved during the past 17 years.





Microtakafol Programs

In 2008 and within the context of the strategy of Agricultural Development, and with the intention of fighting poverty in the countryside a program of small and smaller financing was initiated. (Micro-Takafol Programs)

Small farmers were granted small loans (100.000 SDG) or smaller loans (10.000 SDG) to buy cows, sheep, goats, hens, etc to encourage mixed farming. As all loans are insured the prospects of expansion of the cover and in all Sudanese States which will contribute positively in G.N.P.





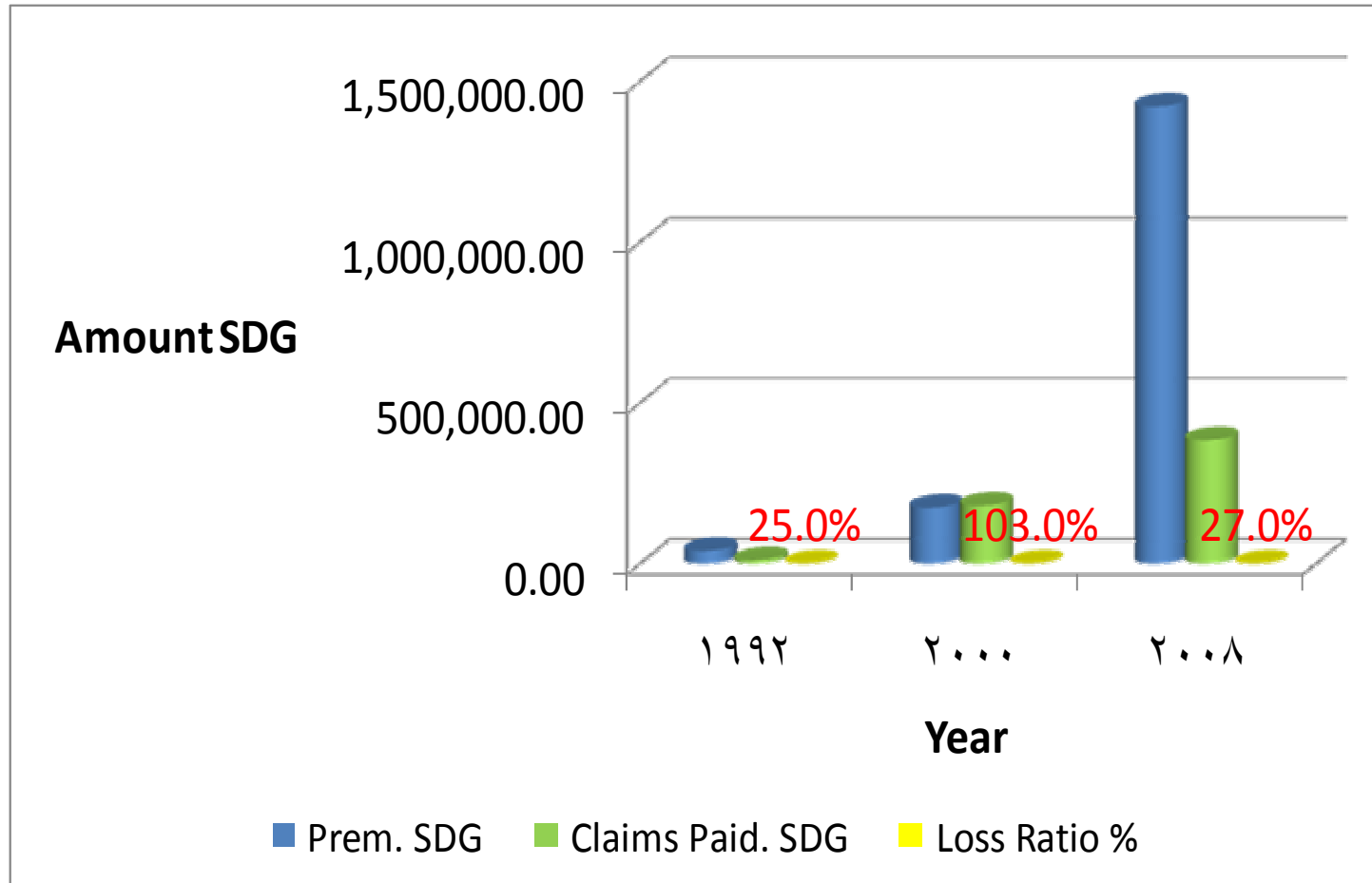
Table No (3): Technical & Financial Data Livestock Insurance

Year	Premium (SDG)	Claims paid (SDG)	Loss ratio%
1992	39,307	10,165	25
2000	173,785	179,921	103
2008	1,421,451	383,516	27





Technical & Financial Data Livestock Insurance





4. Government Support:

This systematic expansion in area covered would not have been possible without government support.

A part from the political support there was commitment to subsidize the premium by 50%. The volume of support has increased from about 342 thousand pounds in season 2002/2003 to more than 13 million pounds in the last season as, can be seen from the table No. (4).





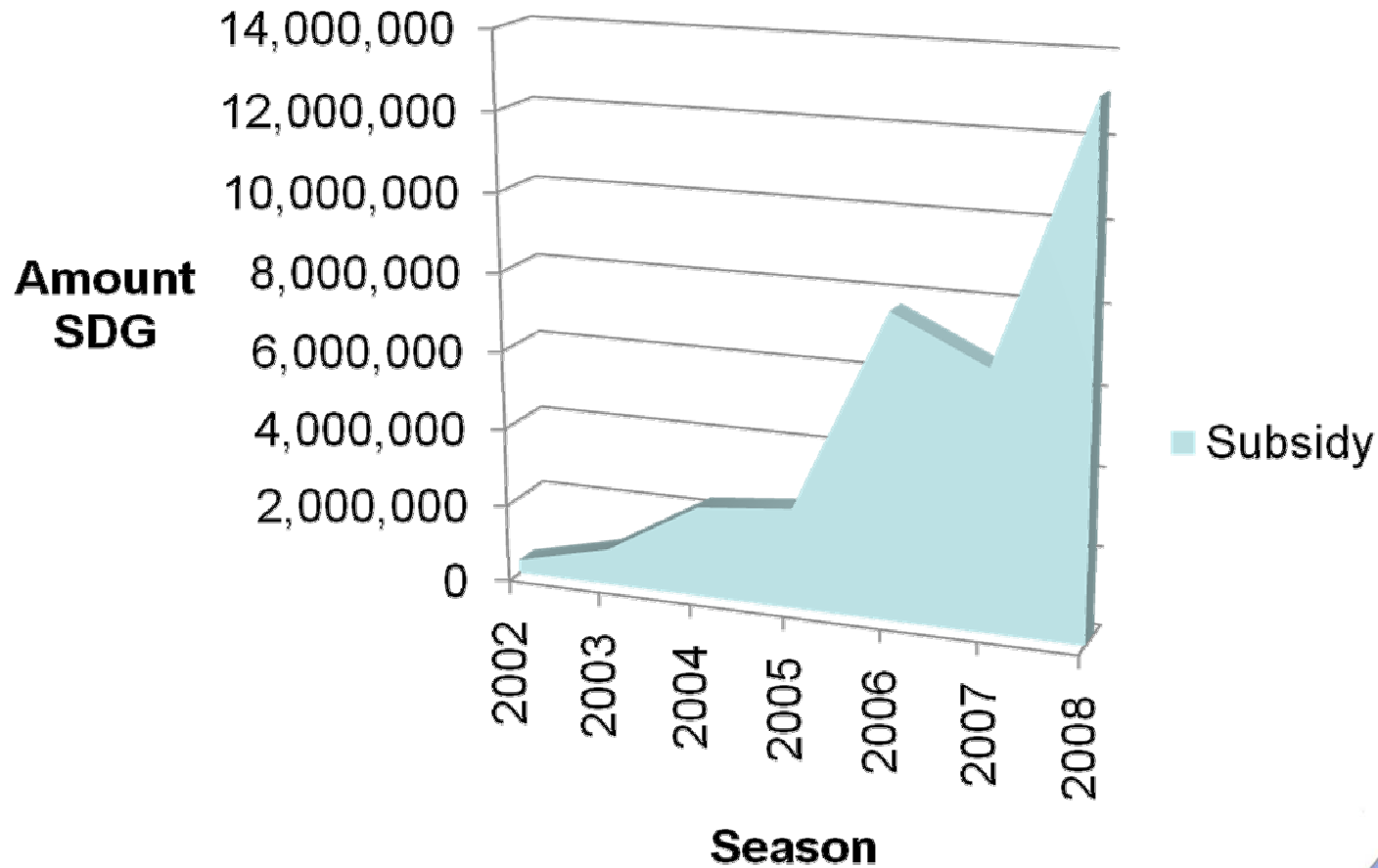
Table No. (4): Government Support

Season	2002	2003	2004	2005	2006	2007	2008
Subsidy	342,882	920,767	2,315,791	2,558,536	7,726,228	6,583,390	13,135,965





Table No. (4): Government Support





Fund for Alleviating the Impacts of natural hazards

The Fund for Alleviating the Impacts of natural hazards was established. The Fund authority has prepared a strategy to extend the coverage to all planted areas, about 45 million feds. To achieve this:

- 1) There is need to organize small farmers and herdsmen into cooperatives.
- 2) Introduce Index insurance in all rain-fed cultivated areas, about 37 million feds.
- 3) Seek additional financial support from internal and external institutions.





Conclusion

Sudan is endowed with enormous agricultural resources, including more than 200 million feds of arable land, 279 million feds of rangeland and forests, more than 140 million heads of livestock.

For that matter Sudan was chosen as an international Bread Basket in all Food Summits, since 1974.

To extend insurance cover to all this sector is a big challenge to Shiekan. To achieve this goal the following steps have been taken:
1) Shift from individual field cover to area cover through index insurance and remote sense applications.

Shiekan has been chosen by the United Nations to experiment index cover in the Sudan, starting this season.

The company has commissioned Sudanese scientists to utilize remote sensing mechanisms to asses the impacts of weather on certain crops.





2) Shiekan has started establishing an Insurance academy to prepare all needed personnel in all aspects related to insurance, religious, technical, institutional, etc.

3) By the assistance of international Takaful Federation, (based in Khartoum) the International Retakaful(Reinsurers)companies were encouraged.

4) Locally, we have encouraged El Watania Cooperative Ins. Company to get involved into agricultural Insurance and we are trying to do this with the other eleven Sudanese companies.





5) Internationally, we are trying to be active and useful in all international gatherings, including this one, to exchange and compile experience for the good of all.

6) In view of the fact that agricultural Insurance is not practiced in most Arab and African countries we are planning to introduce our services where needed.

7) As financial support is crucial to agricultural insurance, especially in developing countries, we take this opportunity to call upon all rich countries and all international financial institutions to extend support to the respective Funds in those countries.





**Thanks for the attention,
Salam Aleycom and ALLAH be with you.**

Mr. Zaki Hamdan AbuAlbasher
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Shiekan Insurance & Reinsurance Co.

