



PLAN DE SEGUROS AGRARIOS

WWW.ENESA.ES



Agricultural Insurance subsidies in Spain: Planning and granting

**José María García de Francisco. Director.
Entidad Estatal de Seguros Agrarios (ENESA)**

**XVI Russian Insurance Summit
Saint Petersburg, 6 June 2018**



Agricultural Insurance subsidies in Spain

- 1. Spanish Agricultural Insurance System (SAIS).**
 - 2. Participants in the SAIS: Public sector.**
 - 3. Participants in the SAIS: Private sector.**
 - 4. Planning of Agricultural Insurance subsidies.**
 - 5. Granting of Agricultural Insurance subsidies.**
- 

Agricultural Insurance subsidies in Spain

1. Spanish Agricultural Insurance System (SAIS).

- a) **Public/private system**, that allows the farmers to transfer some of the risks affecting their activity to the insurance companies
- b) **Almost 40 years old**. (Law No 87/1978, of 28 December)
- c) **Covers natural risks** (Adverse climatic events, damages by wild fauna, animal diseases or plant pests, removal and destruction of fallen stock).
- d) **Insurance is voluntary for farmers, but what is insurable under the SAIS cannot be compensated otherwise**. The government does not grant disaster relief payments to the farmers affected by losses caused by risks which are insurable under the SAIS.
- e) **Dynamic system**. Each year, the Agricultural Insurance Plan (AIP) establishes the list of agricultural insurance lines available and the applicable subsidy levels.

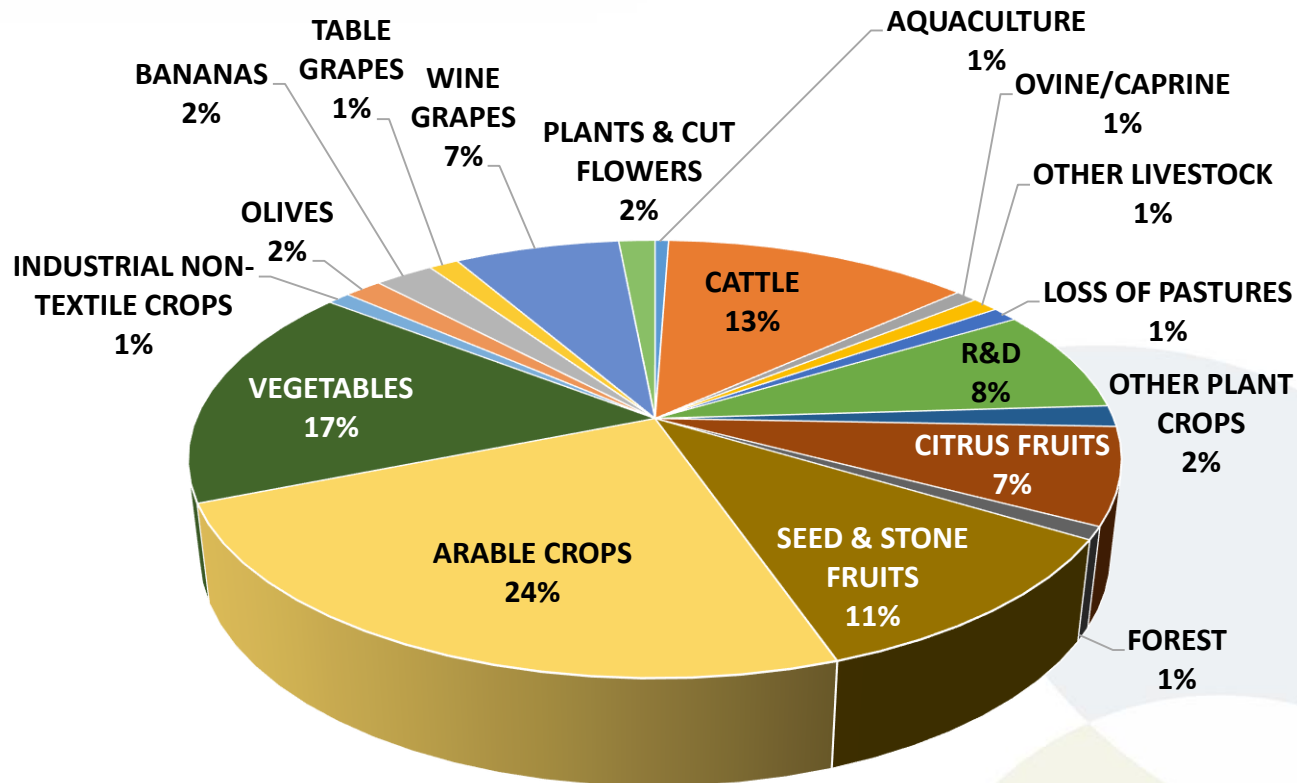
The implementation of the system has been progressive.

Currently, there are 43 different insurance lines, applicable to the whole range of agricultural productions (plant crops, and livestock, forestry and aquaculture).

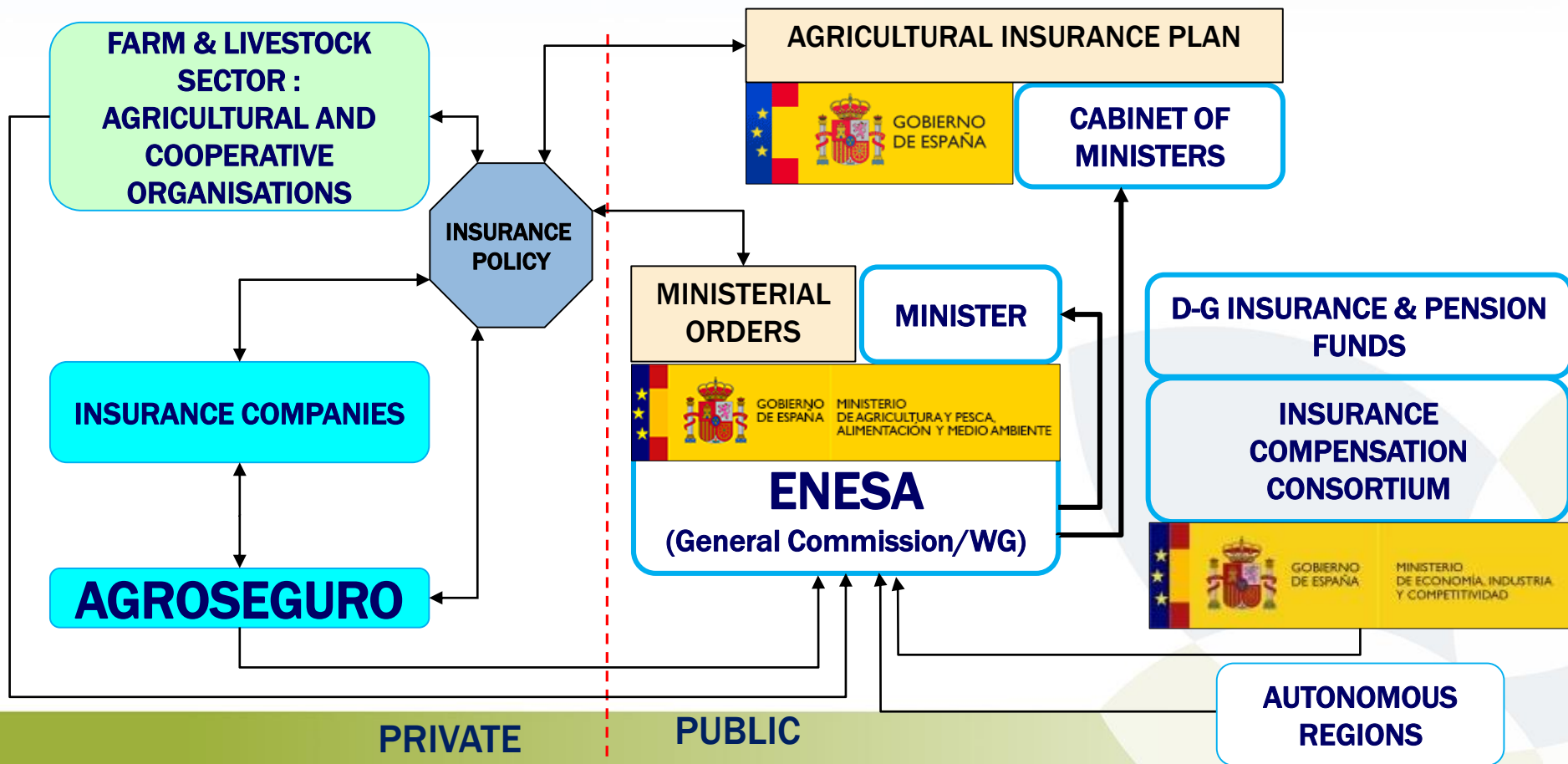
Agricultural Insurance subsidies in Spain

1. Spanish Agricultural Insurance System (SAIS).

Insured capital, per sector (2016)



1. Spanish Agricultural Insurance System (SAIS).



Agricultural Insurance subsidies in Spain

2. Participants in the SAIS: Public sector.

a) Ministry of Agriculture and Fisheries, Food and Environment

- **State Entity for Agricultural Insurance (ENESA):**
 - Coordination and liaison body for the Agricultural Insurance System.
 - ENESA's executive body is the General Commission, where all the parties participating in the SAIS are represented. Decisions by consensus.

b) Ministry of Economy, Industry and Competitiveness

- **Directorate-General for Insurance and Pension Funds**
 - Supervises the premium rates proposed by the Insurance Companies
- **Insurance Compensation Consortium**
 - Compulsory re-insurer of the system.
 - Direct insurer, in the share that is not covered by the private companies
 - Control of the loss adjustments

c) Autonomous governments (complementary subsidies)

Agricultural Insurance subsidies in Spain

3. Participants in the SAIS: Private sector.

a) Insurance companies

They operate in a **co-insurance pool** (currently, 22 insurance companies).

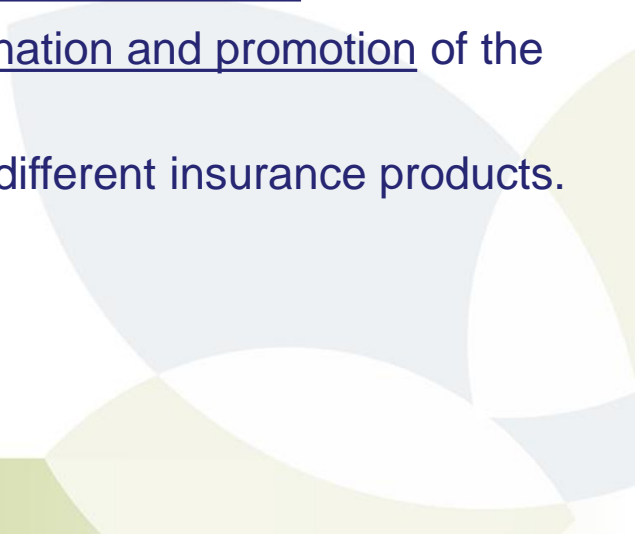
- All companies must participate in the coverage of all risks.
- All companies offer the same products (same guarantees and premium rates). They can compete in their management costs and the quality of their service.
- The companies cannot apply “customer selection”.
Any producer who fulfils the minimum requirements established in the insurance contract must be insured.
- The insurers' pool is managed by a services company (**AGROSEGURO**) which acts on behalf of the companies for:
- Calculating the premium rates for each insurance product
- Preparing the insurance contract models
- Managing the loss adjustments and the payment of the indemnities

Agricultural Insurance subsidies in Spain

3. Participants in the SAIS: Private sector.

b) Farm sector.

Farm sector representative organizations participate in the General Commission and subsidiary working groups.

- They contribute to the general orientation of the system, and to the design of the insurance lines, transmitting the needs and points of view of the sector.
 - They have an important role in the advertising, dissemination and promotion of the Agricultural Insurance.
 - They act as commercial agents in the marketing of the different insurance products.
- 

Agricultural Insurance subsidies in Spain

4. Planning of Agricultural Insurance subsidies.

1. Subsidies are paid exclusively with national funds. (General State Budget)
2. Applicable subsidies are established annually in the Agricultural Insurance Plan, on the basis of two main factors:
 - **Available budget.**
 - **Farm policy priorities** (higher support to create bigger incentives).
3. Subsidies are established as percentages (exception: removal and destruction).
4. In most cases, the applicable subsidy is composed of base and additional subsidies:
 - **Base subsidy** is applicable to all farmers who comply with the basic requirements
 - **Additional subsidies** are applicable in some cases, for:
 - ✓ Collective signing
 - ✓ Characteristics of the insured (professional/young farmers, priority farms, etc.)
 - ✓ Continuity in insurance
 - ✓ Production conditions

Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

1. Minimum requirements.

In order to qualify for the Agricultural insurance subsidy, the insured person or entity must comply with some minimum requirements:

- **Administrative requirements:**

Being up to date with their tax and Social Security obligations and any eventual subsidy reimbursement obligation.

ENESA keeps a database (CIAS) of eligible persons and entities, identified by their tax number. Those who are not in this “positive list” cannot receive any subsidy.

- **Economical requirements:**

Only small or medium enterprises are eligible for the subsidy.

- **Technical requirements:**

Minimum farming practices must be observed.

Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

2. Calculation of the applicable subsidy.

a) Gross subsidy

- The applicable percentage for each insurance policy is the **sum of the percentages established for the applicable subsidies** (base subsidy + additional subsidies).
- The **applicable percentage is applied on the net base premium** (excluding management costs).
- Premiums are subsidized only up to 23%.

b) Applicable subsidy

- A **deduction of 60 €** is applied on the gross subsidy (once per year for each beneficiary).
- A **modulation coefficient is applied** for those beneficiaries who, under previous Plans, received agricultural insurance subsidies in excess of 5.000 € (modulation equivalent to 5% of the amount perceived in excess of 5.000 €).

Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

3. Application of the subsidy.

Subsidies are applied as direct deductions from the insurance policy price.

- a) The applicable subsidy is calculated by the insurance agent (according to the Plan) and deducted from the price paid by the insured at the moment of contracting.
- b) AGROSEGURO subsequently collects and submits the insurance policies to ENESA, in electronic format.
- c) ENESA carries out a systematic check and, once it is satisfied that the deductions have been correctly applied, settles with AGROSEGURO the amount corresponding to the subsidies.

Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

4. Budgetary execution.

The budget is not allocated to specific regions or productions.

The amount of subsidy granted to a region or sub-sector depends on three factors:

- a) Number of insurance contracts (agricultural insurance is voluntary).
- b) Insurance options contracted (different insurance options have different prices and different subsidy levels).
- c) Farmers' profile (some farmers may benefit from certain additional subsidies).

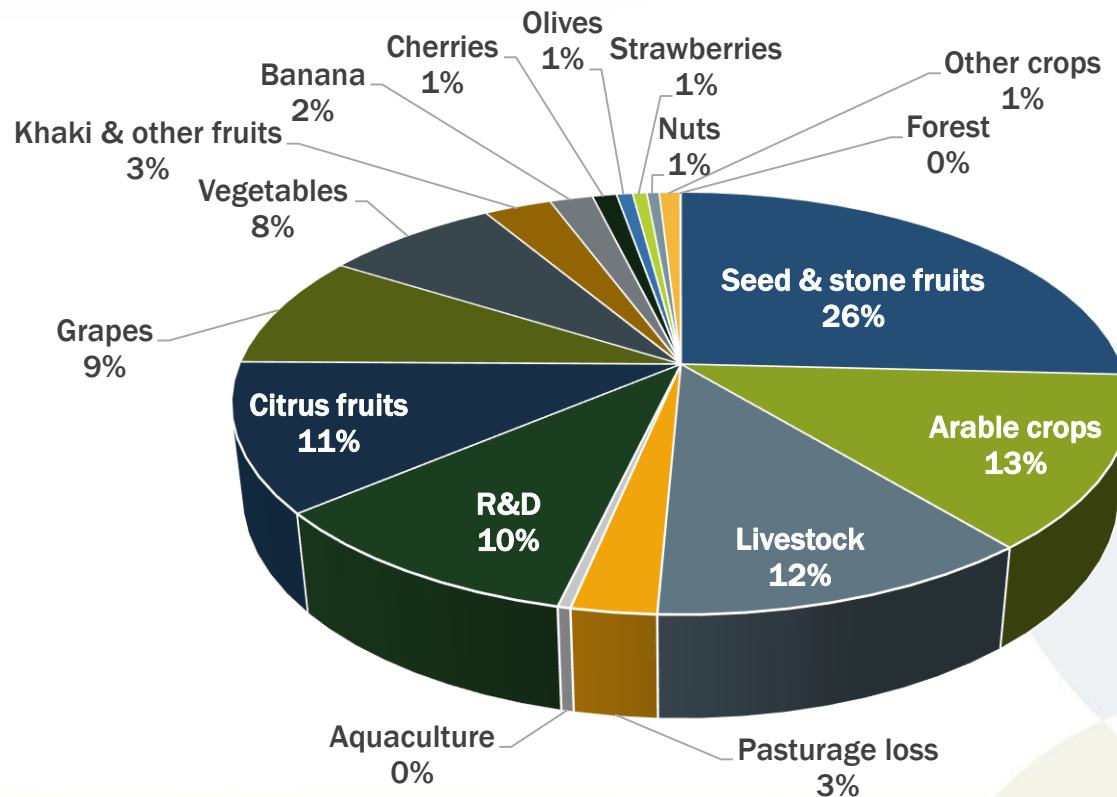
When the budgetary execution differs from the previsions, adjustments can be made:

- a) If the execution is lower than expected: Increase of subsidy levels
- b) If it is higher than expected: Supplementary credit / decrease of subsidy levels

Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

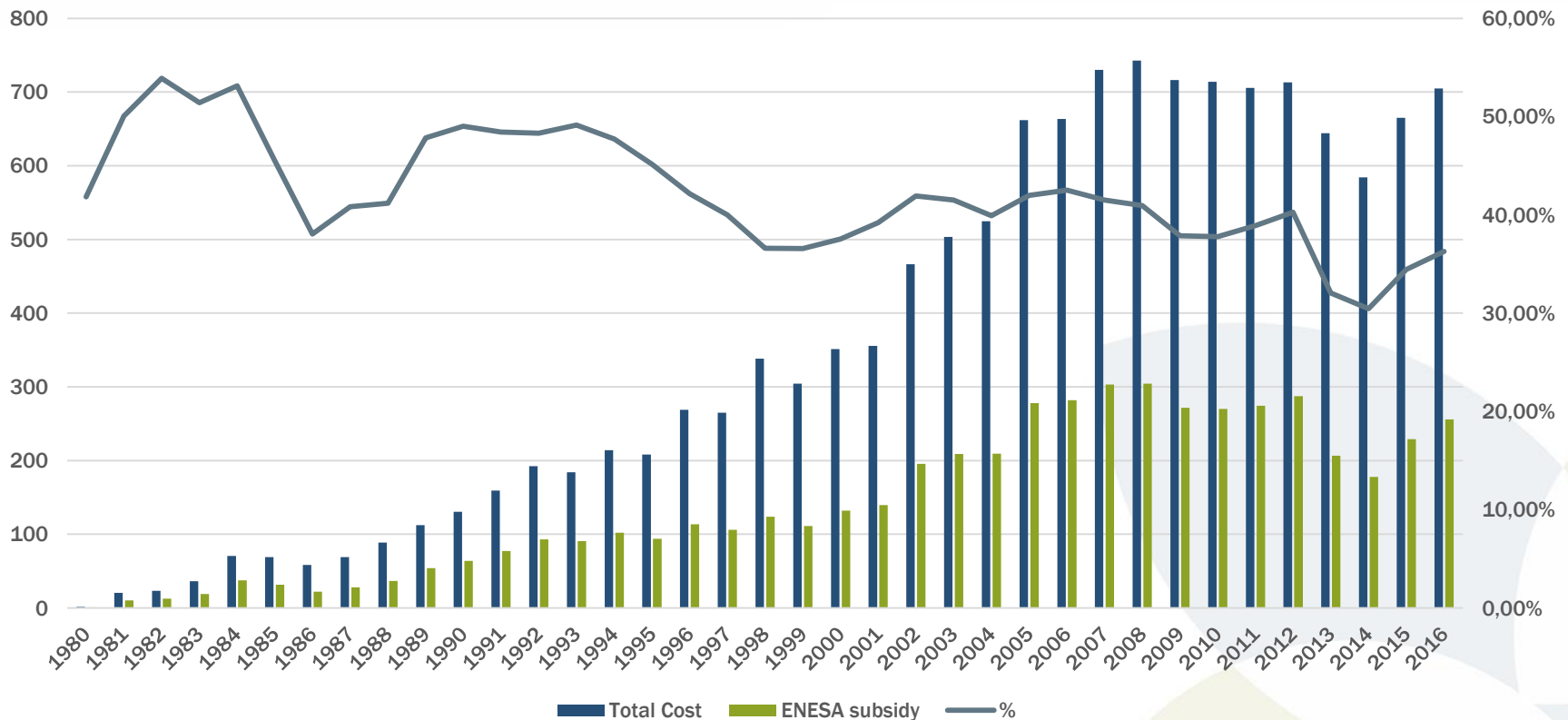
Subsidies, per sector (2016)



Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

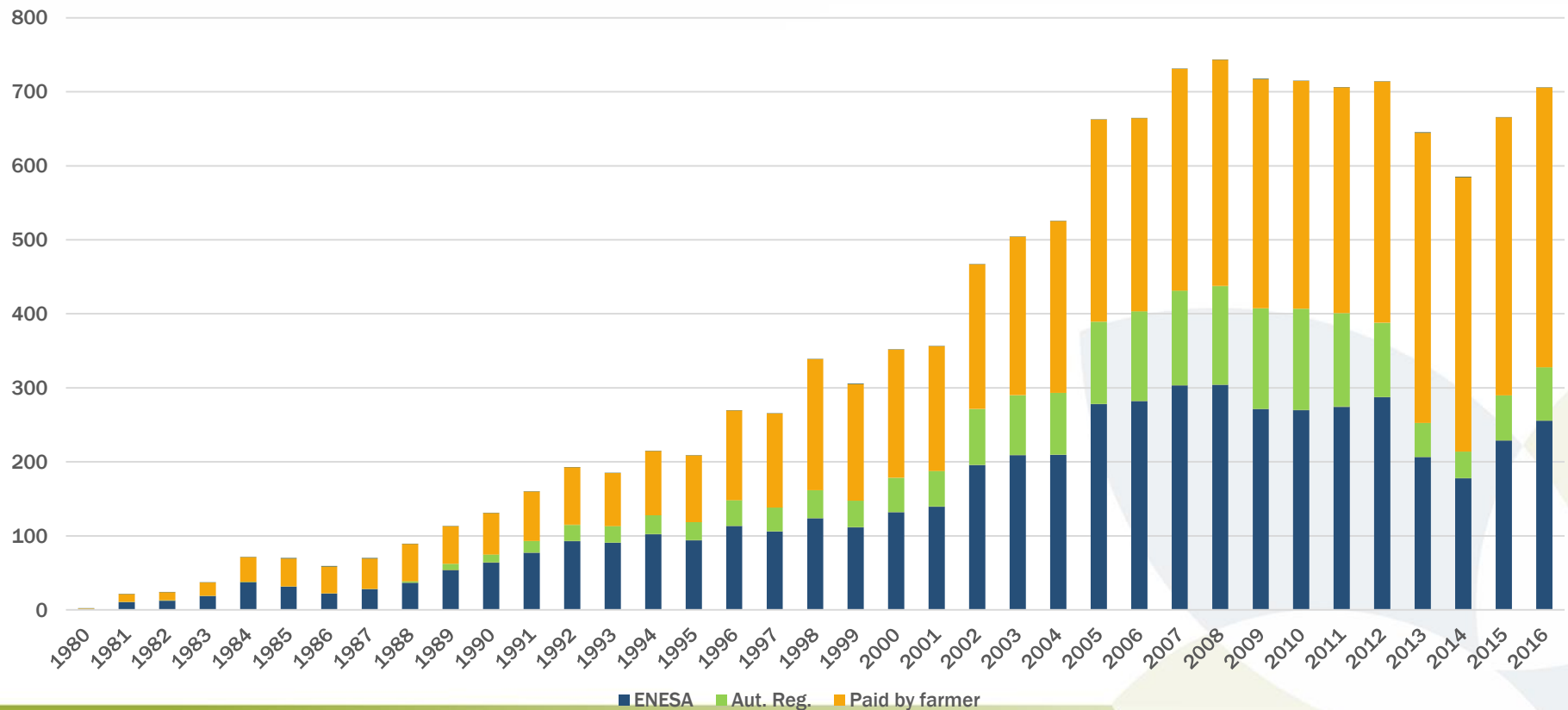
ENESA subsidy – historical series



Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

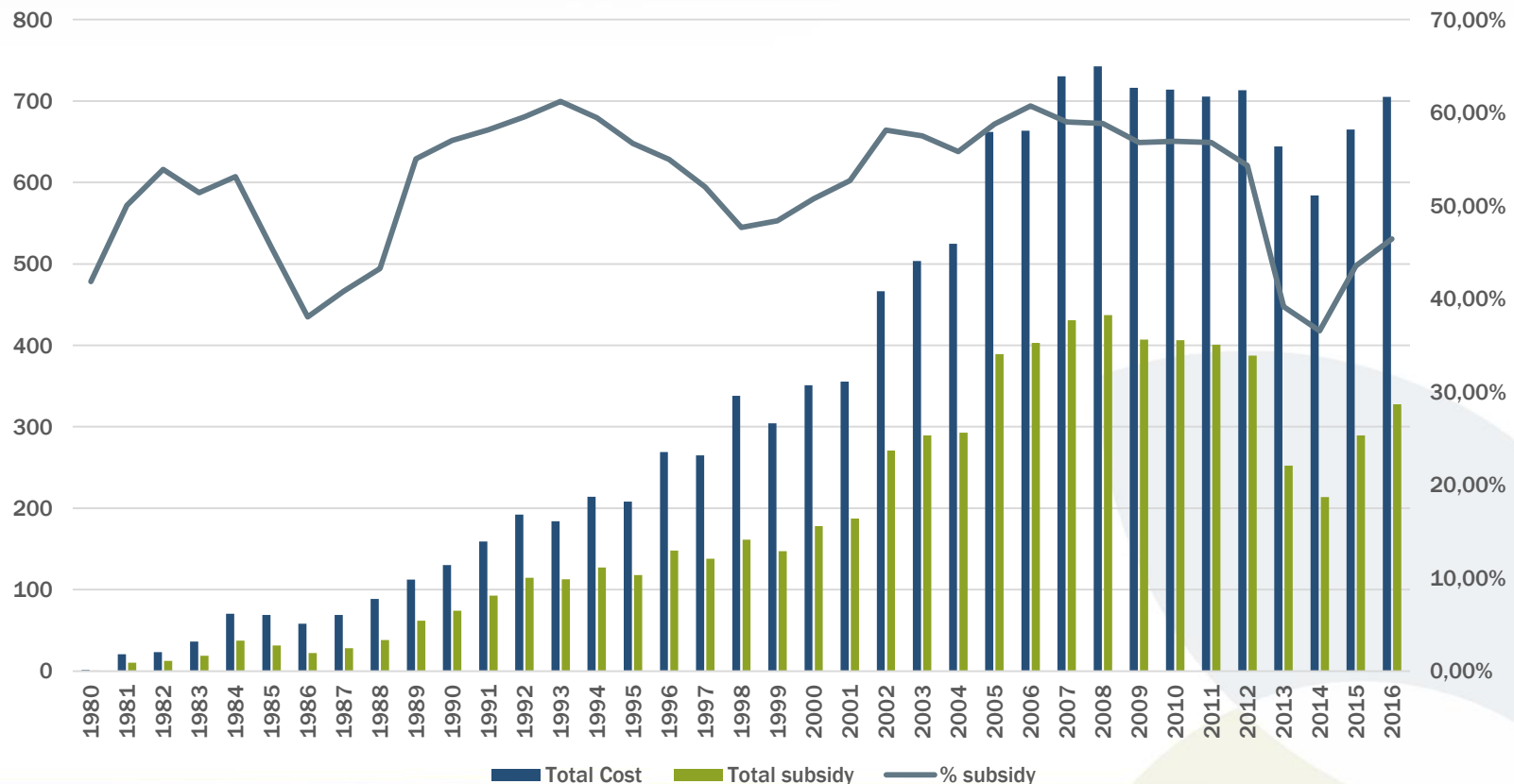
Subsidies ENESA – Autonomous Regions (historical series)



Agricultural Insurance subsidies in Spain

5. Granting of Agricultural Insurance subsidies.

Total Subsidies (historical series)





PLAN DE SEGUROS AGRARIOS

WWW.ENESA.ES



THANKS FOR YOUR ATTENTION.



PLAN DE SEGUROS AGRARIOS

WWW.ENESA.ES

Asegura tu
futuro



@Seguro_Agrario

| seguro.agrario@mapama.es
| www.enesa.es



GOBIERNO
DE ESPAÑA

MINISTERIO
DE AGRICULTURA Y PESCA,
ALIMENTACIÓN Y MEDIO AMBIENTE

ENTIDAD ESTATAL
DE SEGUROS
AGRARIOS (ENESA)