

Climatic hazards in suckling farms: *analysis of farmers interest towards grassland insurance*

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Context of the study

- ▶ Feeding of suckling livestock: mainly based on grass
- ▶ Grass production : strongly exposed to climatic hazards
- ▶ CAP health check of 2008: development of risk management measures
- ▶ Development of multi- risk climate insurance for grassland expected by the French Government



Study to evaluate suckling farmers' needs and expectations about "grassland insurance".

Study led by INRA (French National Institute for Agricultural Research) and French Livestock Institute and sponsored by the French Ministry of Agriculture

Steering comity : Ministry of Agriculture, Ministry of Finance, Ministry of Sustainable Development, The French Federation of Insurers

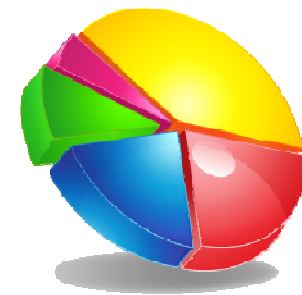


Methods

- ▶ Qualitative interviews in 6 major production areas to understand :
 - *perceptions of the climatic risk by farmers,*
 - *strategies of adaptation,*
 - *motivations and barriers for contracting “grassland insurance”.*



- ▶ Quantitative survey : interview with 181 livestock farmers, in 8 French areas to provide statistics



The current scheme

In case of climatic damages on grass production:

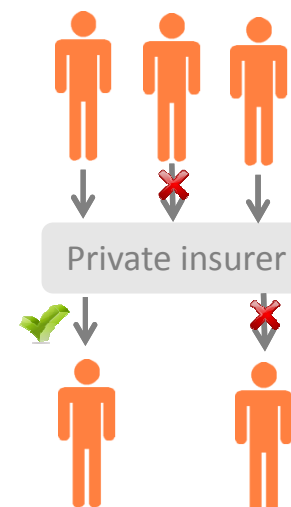
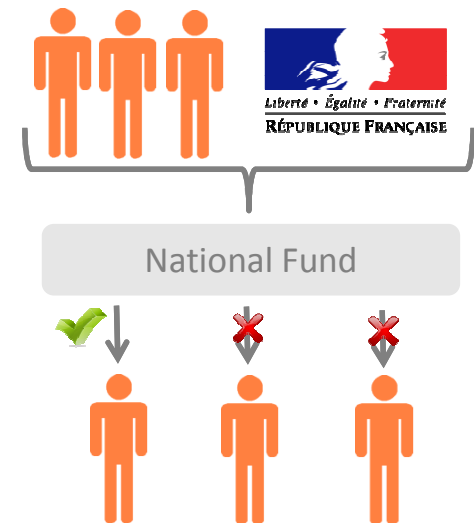
Until now:

National Fund for the Management of the Agricultural Risk
(Fonds National de Gestion du Risque Agricole, FNGRA)

Individual compensation based on a local damage assessment
(Funding: 50% by French State and 50% by farmers - tax on insurance allowances)

In the future:

⇒ Individual insurance schemes for grassland
(as it already exists for crops production)



The current device

Limits:

- ▶ Complex system (costly and slow)
- ▶ Not a “farm-scale” damage assessment
- ▶ Compensation < real damages

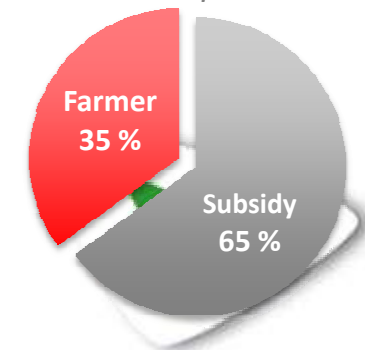


Since 2005, multi-risk climate insurance for crop production :

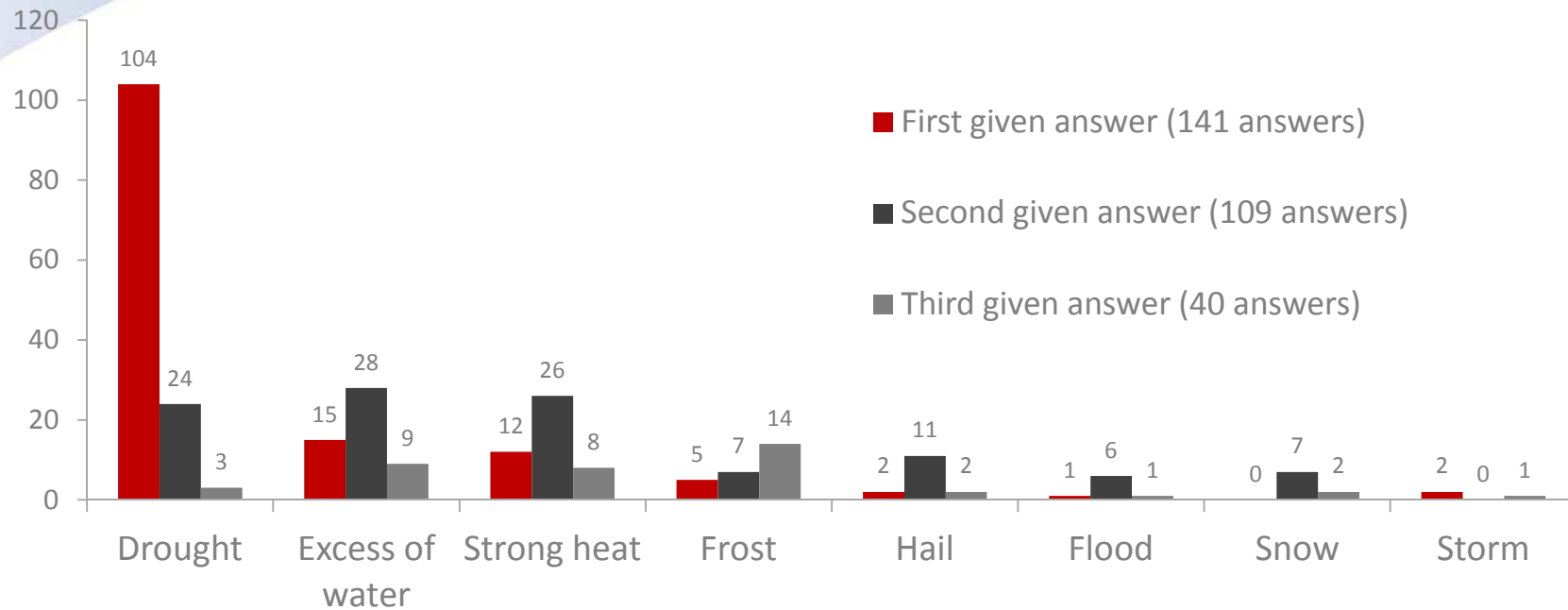
- 1 crop (all the surfaces) = 1 insurance policy
- Farm-scale damage assessment
- Subsidies for farmers taking crop insurance (65% of the premium)



Insurance premium



Livestock farmers' perception of climate risk



Identification of the most feared weather conditions on grass production (in order of citation)

Frequency of climate events ?

- More and more frequent according to farmers

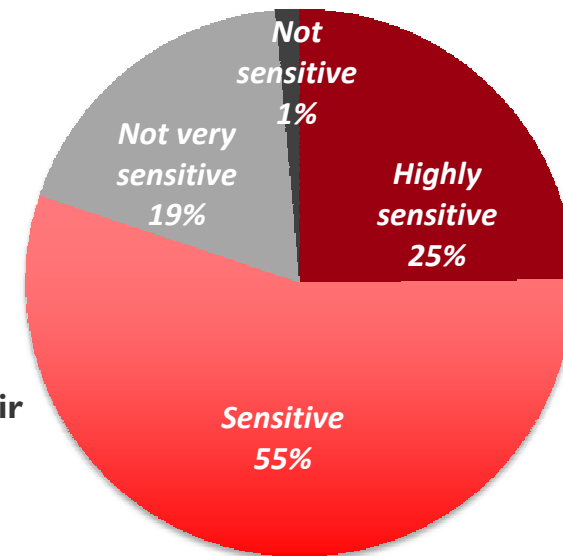
« Normal years are now exceptional ! »

Livestock farmers' perception of climate risk

Farm sensitivity to climate risk

- For 3/4 of farmers : their farm is sensitive to climate risk

Livestock farmers' perception of their farm's sensitivity to climate risk



Which strategies to cope with climate risk ?

- Most of changes directly on grassland production (less in animal husbandry)

Change of harvested/grazed grass ratio

Multiplication of harvesting methods

Short term

Long term

Less sale of feed (crops, fodders)
Purchase of feed

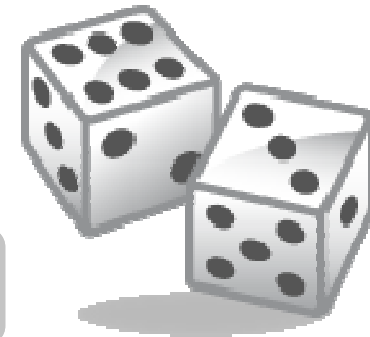
Introduction of drought-resistant plants



Knowledge and appreciation of current scheme

Compensation from FNGRA (*National Fund for the Management of the Agricultural Risk*):

- ¾ of interviewed farmers have already benefited from it
- Procedure unfamiliar & too unpredictable for farmers
- Most of livestock farmers satisfied (*feeling of a « free of charge » mechanism*)



«it's like the lottery ! »



Crop insurance

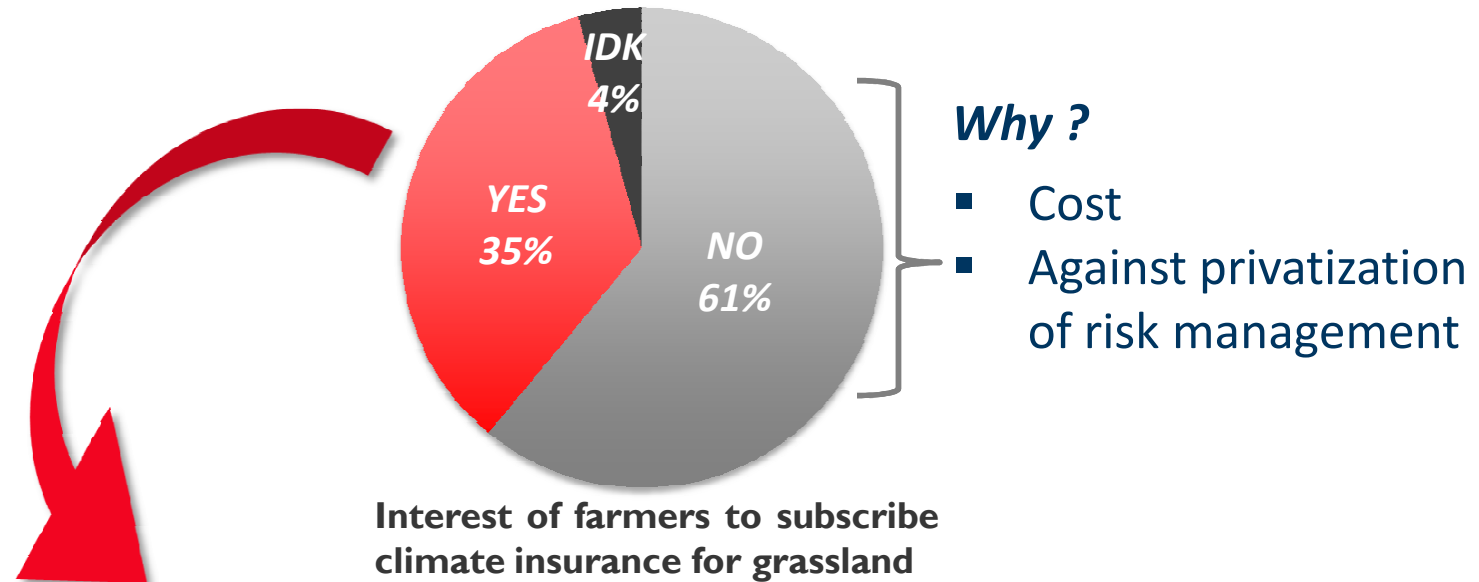
- Known by farmers, but complete procedure only known by 50 % (*Mixed crop-livestock farming*)
- 1/3 of farmers having crop production subscribe

« A parachute just in case »



Needs for grassland insurance

Favorable to grassland insurance ?



With which procedure ?

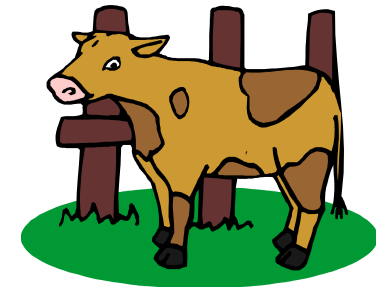
- **Totality of production insured (harvested & grazed grass)**
- **Assessment of damages *by an expert, on farm***



Profiles of farmers who are in favor of grassland insurance

2 favorable profiles of livestock farmers:

- Specialized livestock farmers :
 - Very sensitive to climate hazards and very impacted by the 2011 drought
 - With limited strategies to cope with climate risk (little flexibility)
- Mixed crop-livestock farmers:
 - Less/Not concerned by the National Fund (*insufficient financial loss*)
 - With good knowledge of crop insurance (and subscription mechanism)



Conclusion

- ▶ Development of grassland insurances in other countries (Spain, USA, Canada...): gives some learnings for the French system.
- ▶ Since 2011, test on farm (study supported by Groupama, 1st French agricultural insurer)
- ▶ After the 2011 drought : reconsidering the crop insurance scheme



Thank you for your attention

