Remote sensing in agriculture insurance [1]

About the Project

Project Name: Remote sensing in agriculture insurance
Type of Facility Project: Research grantee
Country of Operation: India
Region: Asia and the Pacific
Sub Topics: Product development, Agriculture
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Credit union, cooperative or other member-based financial institution

Project Description

Read the final research paper [here](http://www.impactinsurance.org/publications/rp6).

Crop insurance using satellite imagery is expected to more accurately compensate farmers' actual losses than normal weather index insurance products. However, few experiments on such products have happened in developing countries. One of the barriers to commercializing such products is convincing farmers to trust the process of claims management. The research project studies this problem systematically in a few remote Indian districts and tries to propose solutions. Furthermore, it tests, quantitatively, the accuracy of the product by comparing it to hypothetically designed weather index insurance products.

The paper observes the feasibility of implementing area yield insurance and weather insurance schemes for transferring financial risk and managing production risks. The objective included developing a composite insurance product based on normalized difference vegetation index (NDVI) and weather indices via a participatory approach; testing the yield loss estimation accuracy of such a product; and understanding people's perceptions about the performance of the product. A relationship was found between the uptake of insurance and being above poverty line, subject to the buyer having heard about the insurer earlier, expecting a bad cropping season ahead, and having a close friend who has used the insurance scheme.

Source URL: [http://www.impactinsurance.org/projects/research/remote-sensing-agriculture-insurance](http://www.impactinsurance.org/projects/research/remote-sensing-agriculture-insurance)

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