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A CASE FOR LIVESTOCK INSURANCE
IFFCO-TOKIO GENERAL INSURANCE CO. LTD.

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1 > INTRODUCTION

In 2008 the rural team of IFFCO-TOKIO General Insurance Co. Ltd. (IFFCO-TOKIO) faced a dilemma. To fulfil the mission of IFFCO-TOKIO's parent company, IFFCO, the team needed to bring the benefits of insurance to cooperative members, and to expand IFFCO-TOKIO's rural portfolio, they needed to expand their bancassurance business and enlist rural cooperative banks as distribution partners. To attract cooperative banks as partners, they needed to offer products to cover all assets for which banks provided loans. The problem was that cooperative banks' portfolios were filled with cattle loans, and IFFCO-TOKIO did not offer any livestock insurance.

IFFCO-TOKIO is a joint venture in India between the Indian Farmers Fertilizer Cooperative Ltd (IFFCO) and Tokio Marine and Nichido Fire Inc. of Japan. IFFCO-TOKIO has a strong interest in providing insurance cover for rural farmers because of the relationship between its parent company, IFFCO, and the rural sector. IFFCO consists of 40,000 farmers' cooperatives and is the world's largest cooperative manufacturer of fertilizer as well as the world's largest cooperative.

IFFCO-TOKIO started its rural products business in 2001 with Sankatharan Bima, an accidental death and disability cover bundled with fertilizer bags. Currently IFFCO-TOKIO provides property and personal accident cover for individuals and groups, and agricultural insurance products including weather and rainfall index insurance as part of its rural portfolio (see Annex 1 for a full list of IFFCO-TOKIO's rural products).

IFFCO-TOKIO knew that it needed to provide livestock insurance to become an attractive insurance partner for cooperative banks, but was wary of the challenges facing livestock insurance in India and elsewhere, such as:

- Absence of actuarial pricing data: Limited to no mortality risk data makes pricing difficult.
- Difficulty in valuation: The value of cattle is correlated with its age, health and production capacity. The value of each cattle needs to be assessed as it can vary by geographical areas and there is limited information on market prices.
- Identification of animals: Accurately identifying cattle is a challenge, increasing the risk of moral hazard and fraudulent practices.
- Monitoring and verification: To combat fraudulent claims, insurers need to monitor tagging, valuation and risk calculation. Insurers might need to appoint their own veterinarians or agents to properly monitor these processes.
- High operational cost: Operational processes related to enrolment and claims settlement can be labour-intensive and expensive. Verification of a loss in remote rural areas for one to two insured animals can be a considerable transaction cost (Sharma and Mude, 2012).

These challenges prevent the expansion of livestock insurance, in spite of the clear need for such cover. About one billion people, or about 70 per cent of the world's 1.4 billion people living in extreme poverty, depend on livestock for their livelihood (Delgado et al., 1999). In India approximately 100 million people rely on livestock as their primary or secondary source of income, yet only seven per cent of the livestock are insured (Sharma, 2010).

A typical cattle owner in India is a small farmer who owns one or two cattle. The farmer raises cattle as part of a mixed farming system comprising of crop and livestock production. The regular livestock income generated through the sale of milk is used to supplement seasonal farming income. With small farmers generating nearly half of their income from livestock (Sharma, 2010) and the value of cattle representing a substantial percentage of the farmer's wealth, the death of cattle poses a considerable risk and affects the farmer's net worth and income. In fact, livestock rearing is riskier than agriculture because the death of cattle leads to permanent asset erosion and can have longer-term consequences than the seasonal loss of income resulting from a failed crop (Ruchismita and Churchill, 2012). The risk is greater when the livestock is purchased with a loan because the household has the additional responsibility of repaying a loan without access to the asset that was meant to generate the income for the repayments.

Given this dependence on livestock, insurance solutions that protect farmers in the event of a loss deserve attention. This case presents one such solution. It outlines IFFCO-TOKIO's pilot of livestock insurance using a radio-frequency identification device as the identification mechanism. After 27 months of testing IFFCO-TOKIO has successfully:

- Insured 28,136 cattle with a gross written premium of US\$ 496,000¹
- Educated farmers about the benefits of the RFID technology and used it as a marketing advantage
- Monitored its processes to reduce fraud and control claims (claims ratio of 35 per cent)
- Improved the business viability of the product (combined ratio of 118 per cent)
- Improved the client value proposition through product and process changes that led to doorstep enrolment and claims services and faster claims processing
- Used the livestock product as a strategic advantage to attract new distribution partners and expand to new areas

The encouraging results highlight the need to pilot, adapt processes, learn from the field, and balance client value and business viability. While the project at first glance appears to be a technology project, the real value of the technology has been allowing the insurer to change business processes.

The case outlines the lessons learnt during the implementation of the pilot. Section 2 provides a background on livestock insurance in India. Section 3 describes the product and the RFID technology. Section 4 outlines the distribution strategy and reasons why IFFCO-TOKIO decided to work with cooperative banks. Sections 5 and 6 outline the changes in the enrolment and claims processes. Lessons related to pricing are outlined in Section 7. Sections 8 and 9 discuss business viability and client value improvements, and Section 10 concludes with IFFCO-TOKIO's plans for the future.

¹ A conversion rate of INR 47 to US\$ 1 is used in this case.

2 > LIVESTOCK INSURANCE IN INDIA

Of the livestock insurance products in India, 90 per cent are delivered through the bancassurance model with financial institutions such as cooperative banks, commercial banks and microfinance institutions serving as distribution channels.

Since 1971 the Indian Government has catalysed the livestock insurance market through the Small Farmers' Development Agency, which has introduced various schemes for livestock-rearing farmers by providing funding for the purchase of livestock through loans and a premium subsidy for the insurance cover. In 2005-06 public insurers covered approximately 80 per cent of the 7.9 million insured cattle. Despite their market dominance, public insurers have introduced few modifications in product design. In 2007, after the insurance regulator removed the restrictions on premium rates, six private insurers (including IFFCO-TOKIO) entered the livestock insurance market (Ruchismita and Churchill, 2012).

Livestock insurance in India has a history of high claims ratios. While it is difficult for private insurers to get historic claims data, it is acknowledged that public insurers frequently experience claims ratios of 150 to 350 per cent. A major reason for fraud is the difficulty in identifying whether the animal in the claim is the insured cattle. At enrolment insurers provide farmers with plastic tags to clip to the ear of the cattle. Often the process is not monitored and the farmer may not tag the cattle at all, effectively allowing the household to insure the full herd for the cost of one animal by simply filing a claim for the first cattle that dies. Alternatively, farmers may cut the tagged ears of live animals and submit them for claims. Fraud can also be conducted by the distribution channel. If the cattle loan is used for a purpose other than to buy cattle, bank staff may retain the tag for this "paper cow" and submit it for a claim in the event of the death of an uninsured animal. Veterinarians can be accessories to fraud by providing false death certificates for a fee (Ruchismita and Churchill, 2012). Even in genuine loss cases it can be difficult to verify whether the death was due to reasons covered in the policy, because insurers receive notification of the claim several days after the event, by which time the farmers have already disposed the carcass.

To mitigate the risk of fraud IFFCO-TOKIO believed that it needed to control the enrolment and claims processes. Its involvement during the enrolment process would ensure that the correct animal was tagged, and during the claims process it could ensure that the animal being claimed for was insured. IFFCO-TOKIO knew that it would be difficult to change existing practices without a compelling reason.

3 > PRODUCT AND TECHNOLOGY

To address the identification challenge IFFCO-TOKIO decided to use a new technology, Radio Frequency Identification Devices (RFIDs). It launched a product in 2009, called Pashu Dhan Bima (livestock-wealth insurance), to pilot the use of the technology and related processes. The pilot targeted 25,000 small farmers in the states of Gujarat, Punjab, Maharashtra, Rajasthan and Orissa. The impetus for the pilot was an innovation grant provided by the ILO's Microinsurance Innovation Facility (see Box 1).

Box 1: A note for donors

IFFCO-TOKIO's rural team had difficulty convincing IFFCO-TOKIO underwriters of the feasibility of livestock insurance because of their previous experience with livestock insurance when working with public insurers. The rural team was only able to convince management and underwriters to try livestock insurance because of the funding IFFCO-TOKIO received from the ILO's Microinsurance Innovation Facility. IFFCO-TOKIO applied for a small grant because money was not the main constraint. The team needed to test whether better identification and greater control could reduce claims costs and it needed outside support to help them make the case within the organization. When the grant was approved the rural team was able to cite external support and international recognition for the project and was, in a way, compelled to implement the project.

This is a useful lesson for donors. Money is not always the most important contribution; sometimes it is more important to create a partnership that provides champions within the organization with leverage to promote the desired objective.

Pashu Dhan Bima covers death of cattle due to disease or accident (see Table 1 and Annex 2 for details). It is a one-year credit-linked cover for farmers with cattle loans. The sum assured is the value of the loan; if the value of the cattle is higher than the loan, the farmer bears the difference as the policy only covers the loan value. The farmer has the option to opt for a higher sum insured based on the valuation of the cattle.

IFFCO-TOKIO decided not to cover Permanent Total Disability (PTD) during the pilot in order to keep the product simple for clients and staff. PTD refers to infertility and stoppage in milk production. While this cover is beneficial for farmers, it is difficult to assess. Moreover, animal death remains the main concern for farmers and IFFCO-TOKIO wanted to gain a better understanding of true mortality rates (without fraud) before expanding the cover.

The product is similar to traditional livestock products offered by public insurers, with one exception, explained in Box 2.

Box 2: Removing exclusions

The second claim received by IFFCO-TOKIO related to the death of a pregnant cow. IFFCO-TOKIO could have refused to pay the full amount because of a clause in the policy that stated that only 50 per cent of the sum assured should be paid if the cattle dies while pregnant. This clause was grandfathered from earlier livestock policies. The rationale for the clause was to induce farmers to take special care during pregnancy, a time of higher risk. The IFFCO-TOKIO rural team felt that the farmer did not need this incentive. The cattle would be more productive after the pregnancy, so the farmer already had the incentive to take care of it. IFFCO-TOKIO decided to pay the full claim amount and removed the clause from the policy. It has not received another claim for pregnancy-related death.

To set the initial premium IFFCO-TOKIO tried to source past loss ratio data of public sector insurers from various cattle intermediaries, but this was challenging. With access to limited to no actuarial data, the market rates of private insurers (five to seven per cent) served as the best starting point for the product. IFFCO-TOKIO started with a discounted premium of three to five per cent of sum assured in order to attract cooperative banks to try the new RFID technology.

Table 1: Pashu Dhan Bima

Feature	Detail
Eligibility	<ul style="list-style-type: none"> • Credit-linked for farmers with cattle loans • Age of cattle <ul style="list-style-type: none"> ○ Buffalo: 3 to 12 years ○ Cow: 2 to 10 years
Benefits	<ul style="list-style-type: none"> • Death due to disease or accident • Sum assured is loan value (during claim settlement the bank receives outstanding loan, the rest is credited to farmer's account)
Premium	<ul style="list-style-type: none"> • 3% to 5% of sum assured • Paid on an annual basis
Exclusions	<ul style="list-style-type: none"> • Waiting period: 15 days after tagging • No waiting period in case of accidental death

The RFID technology consists of a microchip within a capsule. The capsule is inserted beneath the hide of the cattle behind the auricular (ear) area with the help of a syringe. Each chip is identifiable through a unique number readable using a RFID reader. Since the RFID capsule is inserted beneath the skin of the animal, the risk of it falling off or being removed is mitigated. The RFID tagging process is considered less painful than plastic tags for the animal. With ear tags it was common for the milk production of animals to reduce for a few days after the tagging because of the trauma of the experience.

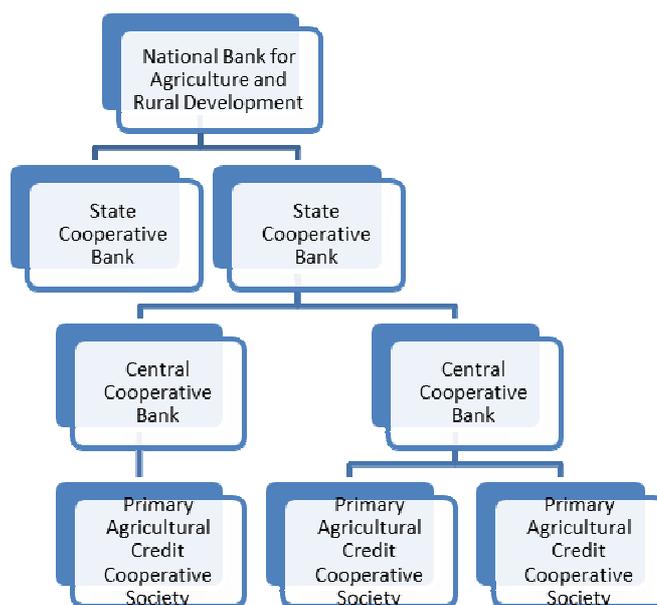
4 > DISTRIBUTION

IFFCO-TOKIO wanted to leverage the cooperative bank structure in India to distribute its rural and bancassurance products. IFFCO-TOKIO's bias towards cooperative banks was due to relationships that its parent company, IFFCO, already had with cooperatives. IFFCO-TOKIO considered partnering with microfinance institutions, but after an initial evaluation it decided to focus on cooperative banks during the pilot, as its culture was better aligned with cooperative banks.

4.1 COOPERATIVE BANKS AND MILK SOCIETIES

Box 3 provides an overview of the cooperative bank structure in India. Funding for rural development activities is channelled through the cooperative bank system. At the local level farmers access the funds through Primary Agricultural Credit Cooperative Societies (referred to generically as "cooperative banks" in this paper). These banks offer loans to members for agriculture and related activities, such as purchase of tractors, farming equipment, fertilizers, seeds, and livestock. The loans are insured with credit-linked insurance products that are provided by an insurer. Livestock loans constitute about five per cent of the loan portfolio. While this is a small percentage, it is important for insurers to be able to cover these loans because banks prefer to partner with one insurer that provides cover for all the product types.

Box 3: Cooperative bank structure in India



National Bank For Agriculture and Rural Development (NABARD) is an apex development bank with a mandate to facilitate credit for promotion and development of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts. It acts as the regulator for cooperative banks. The Reserve Bank of India assists the cooperative structure by providing concessional finance through NABARD in the form of loans for agricultural activities.

State Cooperative Bank governs the cooperative banking structure at the state level. Its funds are obtained from share capital, deposits, loans and overdrafts from the Reserve Bank of India through NABARD. The state cooperative bank lends money to central cooperative banks.

Central Cooperative Bank is the apex level bank for each district, situated at the headquarters of the district. CCB boards consist of individuals of sufficient influence and business capacity in addition to representatives of primary credit societies. These banks provide finance to member societies within the limits of the borrowing capacity of societies.

Primary Agricultural Credit Cooperative Society is an association of farmers residing in a particular village or locality. The funds of the society are derived from the share capital and deposits of members and loans from central cooperative banks. The loans are given to members for agriculture and allied activities such as crop loans for purchase of fertilizers, pesticides, seeds and tools, cattle loans and tractor loans.

In many areas cooperative banks provide loans to farmers through milk producer cooperative societies, which are community-based cooperatives consisting of dairy farmers as members. Milk cooperative societies purchase milk from members on a daily basis. Payments are based on the quantity and quality (percentage of fat content) of the milk. The societies also provide members with technical advice and veterinarian services. From IFFCO-TOKIO's perspective, the milk cooperative societies serve an important aggregation function as they allow IFFCO-TOKIO to access multiple farmers at one time, making it more cost-efficient for IFFCO-TOKIO to market, sell and service the product.

4.2 ITIS AND RELATIONSHIP EXECUTIVES

IFFCO-TOKIO decided to use IFFCO-TOKIO Insurance Services Ltd (ITIS) to distribute its rural and bancassurance products (see Figure 1). ITIS is a wholly owned subsidiary of IFFCO-TOKIO. It acts as IFFCO-TOKIO's retail marketing arm in small cities and rural communities. The ITIS structure includes 120 Lateral Service Centres and 258 Bima Kendras. Lateral Service Centres cover one to two districts and oversee Bima Kendras. Bima Kendras are one or two person offices housed in a cooperative bank, cooperative society, or IFFCO's farmers service centre. The Bima Kendra provides insurance products to cover the loans offered by the bank. In addition to livestock insurance the Bima Kendra offers products to cover motor, property, and trade loans that form part of IFFCO-TOKIO's bancassurance portfolio. Bima Kendras usually service multiple bank branches, cooperative agents and tractor dealers in rural areas.

Each Bima Kendra is run by Bima Sahayaks (Relationship Executives) who are responsible for all the interactions between IFFCO-TOKIO and clients. Relationship Executives market, sell and service all the products offered through the Bima Kendra and are the face of IFFCO-TOKIO for clients.

Figure 1: ITIS structure

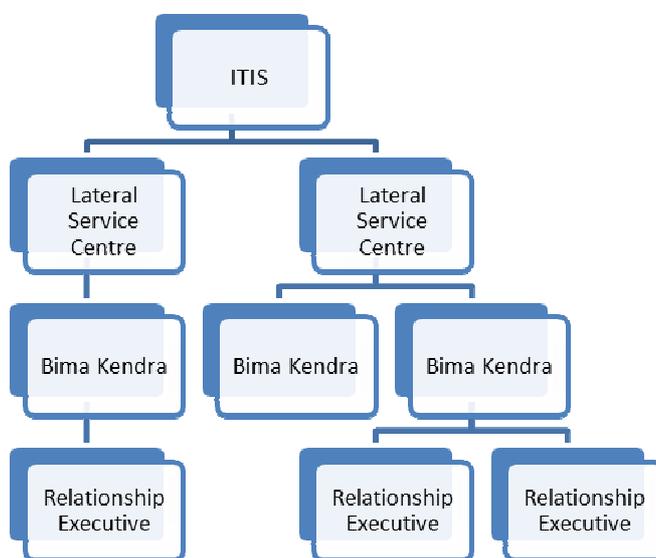
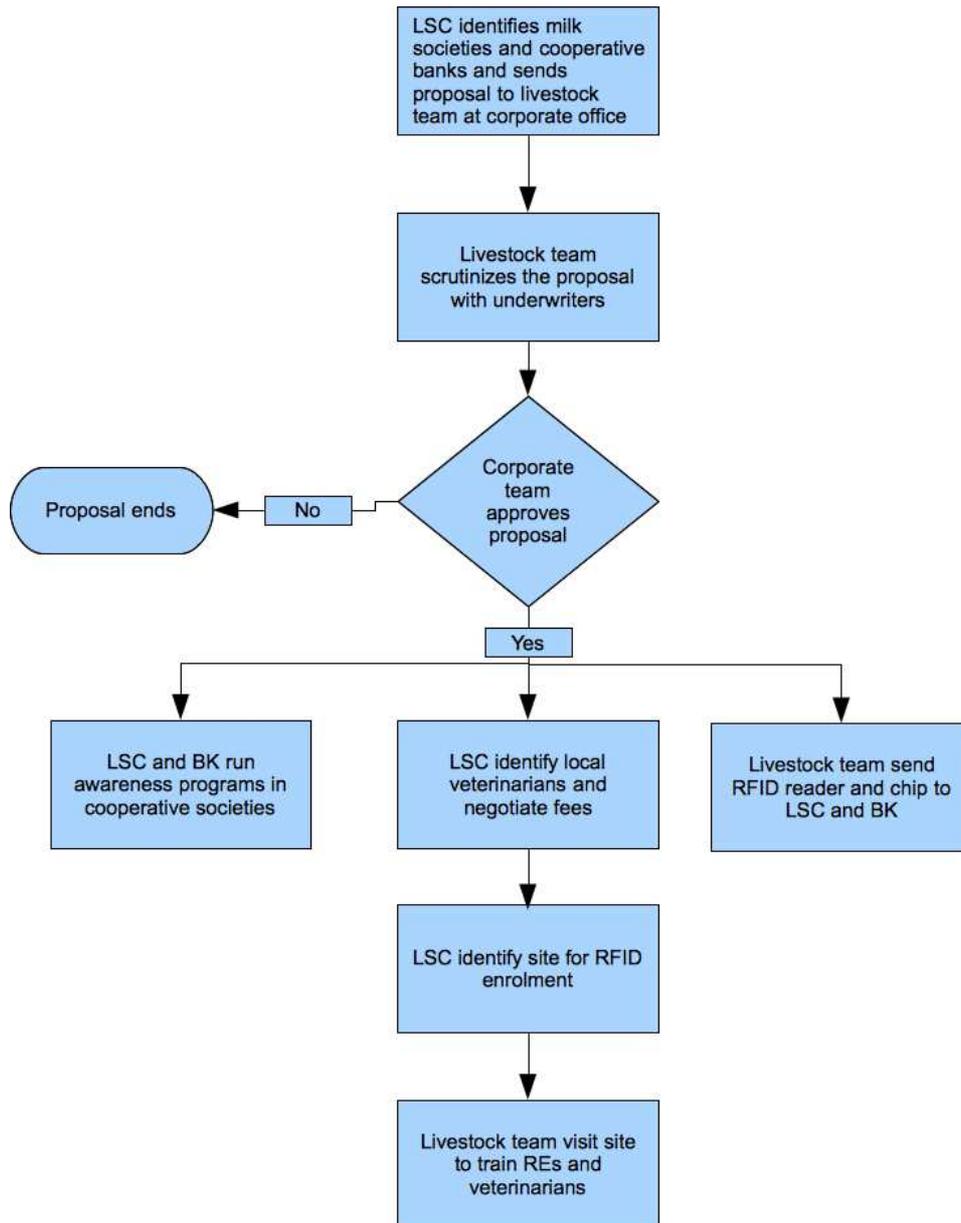


Figure 2 outlines the process used to enlist cooperative banks and milk cooperative societies. Lateral Service Centres and Bima Kendras market the product to cooperative banks and milk societies that could be potential partners. Society leaders act as a liaison between the bank and farmers and play an important role in the selection of the insurer. IFFCO-TOKIO needs to educate and convince them about IFFCO-TOKIO, the product, and the technology. A milk cooperative society leader can influence the success or failure of the programme depending on how diligently the leader is willing to promote insurance to members. A leader who understands the value of insurance and is willing to champion it can greatly influence the knowledge and acceptance of IFFCO-TOKIO and the product among members.

Figure 2: Distribution channel set-up process



Once partners are convinced, the Lateral Service Centre submits a proposal with details on the potential loan and cattle portfolio (for example, mix of breed) as well as the suggested price and commission. IFFCO-TOKIO's rural team reviews and modifies the proposal based on whether it feels the price is appropriate for the risk profile of the portfolio. Once IFFCO-TOKIO's rural team approves the cooperative bank and milk society, the related Bima Kendra conducts an awareness session at the village. All members of the milk societies are invited to attend. The Relationship Executive presents information on IFFCO-TOKIO and various products offered by IFFCO-TOKIO, including the Pashu Dhan Bima. The Relationship Executive uses banners and leaflets to explain the product, benefits, exclusions, and claims processes (Annex 3 for examples of brochures used). Awareness sessions are also conducted at district-level meetings and cattle fairs.

IFFCO-TOKIO's links with IFFCO and the ITIS have contributed to the success of the pilot. The IFFCO brand is known and trusted in rural India, providing IFFCO-TOKIO with an advantage over other insurers. The ITIS infrastructure has allowed IFFCO-TOKIO to establish field-level operations and use its own employees during the enrolment and claims process. Having the Relationship Executives as employees also allows IFFCO-TOKIO to use multiple ways to motivate them (for example, career advancement, promotion, and bonus). Relationship Executives are committed to the livestock product as they view it as an important component of their product portfolio.

5 > ENROLMENT

IFFCO-TOKIO's control of the enrolment process is one of the major breakthroughs of this project, as it is a complete departure from how livestock insurance is usually offered in India. In most insurance schemes bank managers and veterinarians control the enrolment process with little involvement from the insurer.

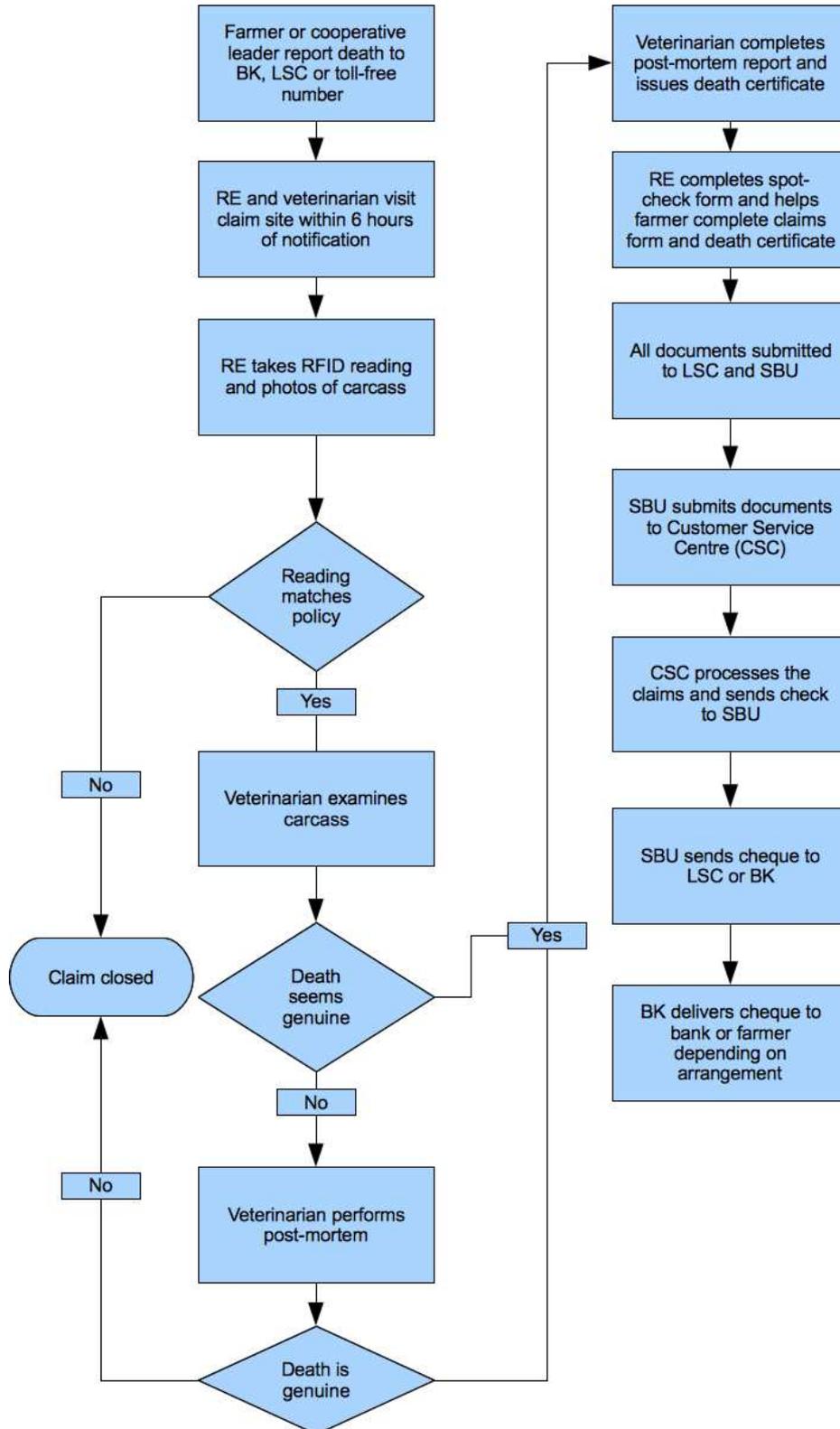
By involving Relationship Executives in the process, IFFCO-TOKIO was able to establish much greater control over the entire value chain. It convinced the bank managers and farmers that given the technical nature of the tagging process, its representative needed to be present during the enrolment process to ensure that tagging was done properly. This allowed IFFCO-TOKIO to ensure that the correct cattle were tagged. While the process provides greater control, it has implications for costs and scalability as discussed in Sections 7 and 10.

A typical enrolment involves the following steps (see Figure 3):

- ✓ The cooperative bank informs Relationship Executives of new cattle that need to be enrolled based on cattle loans given by the bank. In most cases a cluster of loans is offered at one time, making the process more efficient.
- ✓ The Relationship Executive and a veterinarian travel to the farmer's location. The Relationship Executive explains the insurance product and the RFID injection process. In many cases this information is not new, as the farmer has already attended an awareness meeting. The bank manager or the milk society leader also provides information about the product during loan disbursement.
- ✓ The veterinary doctor injects the RFID capsule behind the right ear of the cattle. The Relationship Executive takes a picture of the animal along with the RFID reading for IFFCO-TOKIO's records. The Relationship Executive demonstrates the identification number reading to the farmer and provides him with the RFID sticker.
- ✓ The Relationship Executive explains the claims process and provides the toll-free number to contact along with his personal number. The veterinarian issues the health certificate of the cattle. The Relationship Executive completes the enrolment forms with the farmer's and cattle's details.
- ✓ The Relationship Executive submits all the documentation to IFFCO-TOKIO's Strategic Business Unit. Once the policy is issued it is sent to the LSC/Bima Kendra and then the bank/cooperative society or client, depending on the arrangement. Online policy generation has been introduced in some Bima Kendras. This allows the Bima Kendra to issue the policy directly, substantially reducing the turn-around-time.

The process can vary by area. In certain areas IFFCO-TOKIO takes advantage of cattle fairs to enrol multiple farmers in one location. Farmers purchase cattle in the fairs using loans that have been recently granted. The bank manager notifies the Relationship Executive of the eligible farmers in advance. Once the cattle sale is finalized, veterinarians tag the cattle and Relationship Executives enrol multiple farmers at the same location, making the process cost-effective.

Figure 3: Enrolment process



IFFCO-TOKIO issues a group policy in the name of the cooperative society with the farmers listed as beneficiaries of the policy (see Annex 4 for the enrolment form). One policy can include up to 10 cattle belonging to different farmers. All farmers must be members of the same milk society. Each animal is identifiable through the unique RFID chip number. Issuing the policy at the level of the cooperative society has eased the policy administration for IFFCO-TOKIO. It has also helped to gain the trust of cooperative societies as they rarely get a copy of the insurance policy from other insurers.

Over time IFFCO-TOKIO has streamlined the process. Many of the improvements were based on feedback from Relationship Executives and their experiences from the field. IFFCO-TOKIO's rural team communicated regularly with Relationship Executives and was, over time, able to institutionalize these innovations into standard operating procedures (see Box 4).

Box 4: Stories from the field: learning along the way

Injecting a tiny syringe in a 550 kg animal is a formidable task. At the start there was no experience within the team on how to tag cattle. Veterinarians should have been best placed to perform this task, but they were reluctant to take it on. Hence, the responsibility to learn how to tag fell to the IFFCO-TOKIO rural team. It was a painful (literally) process involving broken fingers. Tagging could take up to an hour for cattle that were "mischievous". IFFCO-TOKIO questioned the feasibility of the technology and the project almost ended before it started.

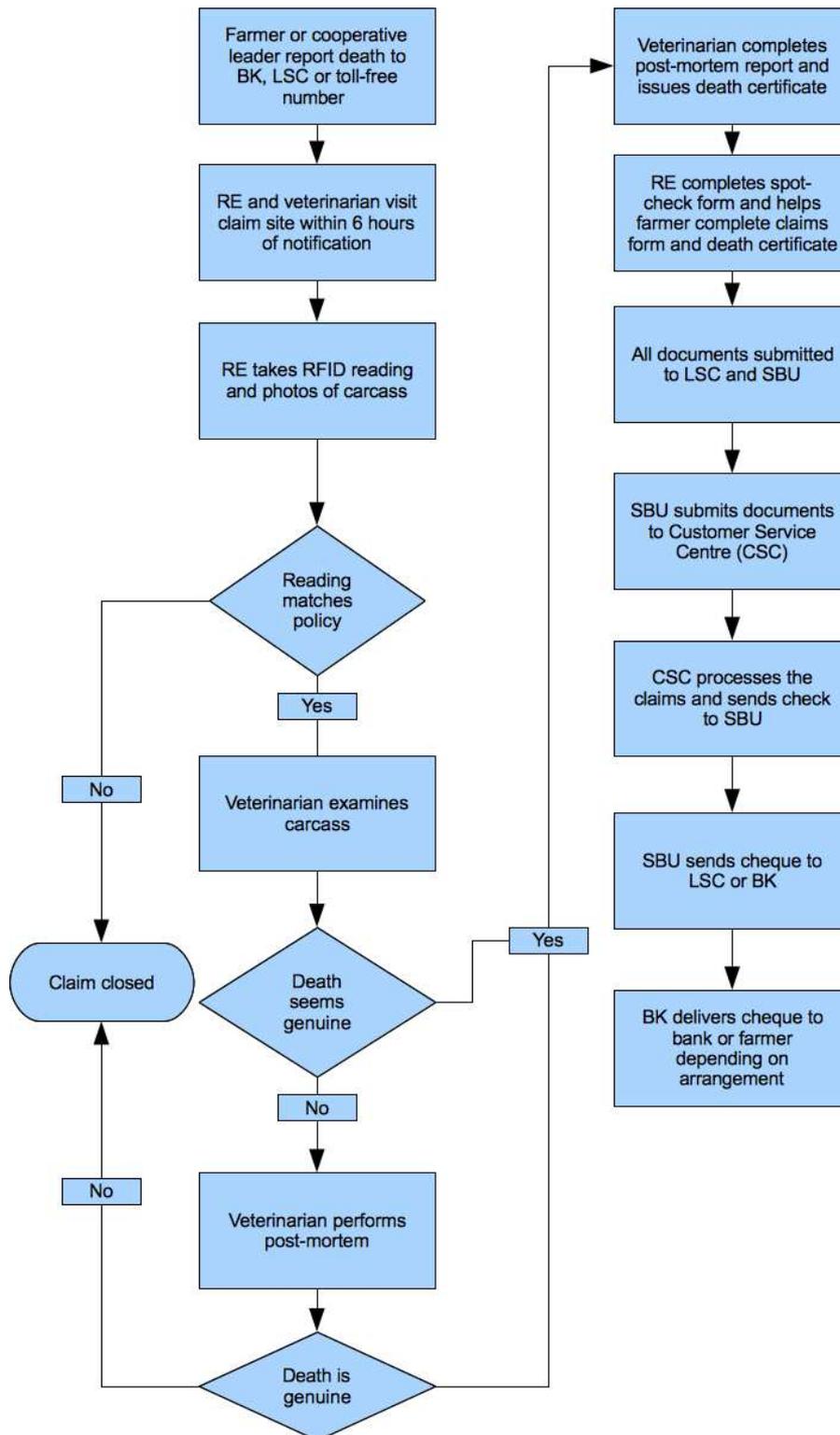
The project succeeded due to the persistence of the team. IFFCO-TOKIO hired a qualified veterinarian within its rural team to train Relationship Executives and veterinarians and guide them through the process. As the team gained experience they found ways to make the process more efficient. They learnt to tie the animal to a tree away from other cattle to keep it relaxed, to hold its head and cover the right eye to prevent injury, and to re-take the reading after 15 minutes to ensure that the animal did not drop the chip before it was embedded properly.

6 > CLAIM SETTLEMENT

As with the enrolment process, IFFCO-TOKIO redesigned the claims process to gain greater control. The claims process typically involves the following steps (see Figure 4):

- ✓ The farmer informs the bank manager or milk society leader about the death of the cattle. The farmer, bank manager or society leader calls the Relationship Executive.
- ✓ The Relationship Executive visits the farmer within four to six hours of notification, usually with a veterinarian. The four to six hour timeframe is a requirement for Relationship Executives within IFFCO-TOKIO's policy guidelines.
- ✓ The Relationship Executive and veterinarian inspect the carcass. The Relationship Executive takes a reading of the RFID chip and verifies the reading with the identification number on the policy.
- ✓ Once the death is verified as a genuine claim, the Relationship Executive helps the farmer complete the claim documentation (see Annex 5 for forms used in the claims settlement process). A post-mortem report or death certificate is issued by the veterinarian and a spot-check form is completed by the Relationship Executive. The post-mortem document or death certificate is required by the bank. From IFFCO-TOKIO's perspective the spot-check form is the most important document as it confirms the Relationship Executive's presence at the time of claim. The form includes a photo of the carcass and the RFID reading. Just as for enrolment, all expenses are borne by IFFCO-TOKIO, including the veterinarian's fees and post mortem cost.
- ✓ The documents are sent to the IFFCO-TOKIO's Customer Service Centre for claim processing. In some states IFFCO-TOKIO allows scanned copies of documents to be used during claims settlement, reducing the processing time. In states with a high historic fraud rates physical documents have to be sent.
- ✓ Once approved, a cheque is mailed to the farmer or the bank, depending on the arrangement.

Figure 4: Claims process



During the pilot most claims were processed in 8 to 30 days. Improvements such as RFID identification, verification by the Relationship Executive within four to six hours of notification, and fewer documentation requirements, have helped to reduce the processing time. This has led to improvements in client value, especially when considering that the claims turnaround period could take up to six months in other livestock policies. IFFCO-TOKIO acknowledges that there is room to make the process more efficient. It might not be necessary to have a post-mortem requirement for every claim and veterinarians could only be involved during suspicious claims. The challenge is that the post-mortem documentation is a requirement of the cooperative banks, and is therefore difficult to remove.

6.1 USE OF VETERINARIANS

A common question facing livestock insurers in India is how to use veterinarians. It is difficult for private insurers to find qualified veterinarians that are willing to work in rural areas. For farmers, using veterinarians to issue health certificates at the time of enrolment or a death certificate during claims is an expensive proposition, as the veterinarian's fee of INR 500 (US\$ 11) could equal 50 to 60 per cent of the annual premium. For insurers, veterinarians also pose a threat to the viability of the scheme if they collude with farmers or banks, as experienced by public insurers.

Despite the challenges, IFFCO-TOKIO could not ignore veterinarians completely because of their influence in rural areas and because of the nature of the RFID technology. Since the RFID tag needed to be injected, a veterinarian's expertise was needed to oversee the process and lend credibility to build farmer's confidence. In the state of Kerala, for instance, farmers only allow trained veterinarians to touch their cattle.

The challenge for IFFCO-TOKIO was to make use of veterinarians in a cost-efficient and reliable way. IFFCO-TOKIO needed to change the power dynamics between veterinarians and farmers. It decided to contract veterinarians directly and not rely on farmers or cooperative banks to find them. IFFCO-TOKIO hired retired veterinarians and veterinarians with a social objective that were interested in working in the areas. It absorbed the veterinarian fees, thereby significantly reducing the transaction costs for farmers. As IFFCO-TOKIO promised the veterinarians multiple enrolment fees in one visit, it was able to negotiate the fees from INR 500 (US\$ 10) to INR 100 (US\$ 2) per tagging.

6.2 THE RFID TECHNOLOGY

One of the big unknowns of the pilot was how farmers would react to the RFID technology. Would farmers accept a piece of metal being injected into their animals? Results from a qualitative study and IFFCO-TOKIO's own experiences indicate that farmers are satisfied with the technology because of the following factors:

- RFID chips are less painful than plastic tags. Farmers reported that the traditional method of attaching the plastic tags to ears was painful and resulted in loss of milk yield for a day or two. The RFID implantation is a painless procedure that does not cause loss of yield.
- The plastic tags could get lost or damaged. The RFID is more secure as it is injected beneath the hide.
- The RFID chip is not visible, hiding the fact that the animal was bought with a loan. IFFCO-TOKIO used to receive calls from farmers about how plastic ear tags hurt the farmer's reputation as the external tag indicates that the farmer had taken a loan to buy the animal.
- An additional, though unexplored, benefit is the potential to use the RFID chip to store information about the animal, such as vaccinations and illness history, that could be used by farmers and milk societies to improve herd management.

The technology proved to be reliable during the pilot. While processing one claim, the Relationship Executive was not able to detect the RFID chip with the reader. IFFCO-TOKIO ordered a post-mortem to verify whether there was a problem with the chip and reader. The post-mortem revealed no chip in the cattle. Further investigation revealed that the farmer had sold the insured animal and had, in error, filed the claim for an uninsured animal. In another instance, a farmer owned four cattle, out of which two were insured. When one of the uninsured cattle died, the farmer injected a RFID chip on his own and filed a claim. IFFCO-TOKIO's RFID reader was not able to detect the chip and hence IFFCO-TOKIO ordered another post-mortem. The retrieved chip was sent to the manufacturer for authentication. It was revealed that the chip was not implanted by IFFCO-TOKIO. In both these cases, having an invisible tag led to confusion and had the potential to create distrust about the technology. IFFCO-TOKIO realized that it needed to confirm that the technology was not at fault, leading to the decision to perform post-mortems. IFFCO-TOKIO did not need to conduct the post-mortem as it could have simply rejected the claim. However, it needed to verify the technology for its own purpose and also to mitigate any doubts within the community.

The technology has been accepted by Relationship Executives, Lateral Service Centres, and Customer Service Centres, which process claims. Relationship Executives and Lateral Service Centres use RFID in their marketing campaigns to cooperative banks and milk societies. They see the technology as the unique selling proposition of the product.

7 > PRICING

When IFFCO-TOKIO set its initial pricing based on market rates it was not sure whether the premium could cover the risk, as the high level of fraud masked the real mortality rate of cattle. During the pilot IFFCO-TOKIO monitored the performance of the product and found the overall mortality rate (around 1.5 per cent) was better than expected, especially the mortality rate of indigenous breeds (less than 1 per cent). India has a high number of indigenous animals compared to cross-breeds (or high yielding breeds). Indigenous breeds are sturdier and better suited to the tropical climate but have lower productivity. Cross-breeds and exotic breeds tend to produce more milk but have a higher mortality rate because of their inability to cope with high temperatures.

The experience during the pilot suggests that "rich farmers are poor risk, poor farmers are rich risk". IFFCO-TOKIO believes this is because small farmers take better care of their cattle as they are greatly dependent on them for their livelihood. Also, where cattle are considered holy, there is a low chance of moral hazard in terms of lack of care. Larger farmers and organized dairy farms are more likely to look upon cattle purely as a productive asset. These farmers are prone to using production-enhancing techniques (such as hormone injections) that might have adverse health effects. In large farms cattle are kept close to one another, leading to increased chances of disease spreading among the animals.

One benefit of working with large farmers, however, is the demonstration effect it generates on small farmers, as small farmers are keen to emulate the practices of large farmers. In Punjab IFFCO-TOKIO was able to use its experience with one of the largest dairies to convince small farmers to adopt the technology.

Ideally IFFCO-TOKIO would like to introduce differential pricing for large and small farmers and breed of cattle, but this is not easy because the distribution channel is reluctant to introduce a price difference between its members. Another complication is that some farmers own both indigenous and cross-breeds and offering different prices could be confusing.

IFFCO-TOKIO believes the premium should factor the parameters outlined in Table 2.

Table 2: Pricing parameters

Parameter	Correlation with risk	Explanation
Cattle breed: Indigenous	-	Indigenous cattle especially buffaloes are hardy and suited to the Indian climate
Cross-breed	+	
Temperature	+	Higher mortality rates in hotter climates
Fraud history of region	+	Gujarat has higher fraud incidence than Orissa, for instance
Farmer experience with cattle	-	Experienced farmers are better risks
Women involved in rearing	-	Women are better caretakers as they are attached to cattle. One public insurer liked to say, "if you want to know if the claim is genuine, go to the back of the house and see if the woman of the house is crying"

8 > BUSINESS VIABILITY

Table 3 presents the income statement for the pilot.

Table 3: Income statement

INCOME STATEMENT	US\$	DETAILS
PREMIUM		
Gross premiums	496 372	28,138 cattle insured
Unearned premium reserve	-142 471	
Net earned premium	<u>353 901</u>	
CLAIMS		
Gross claims paid	118 035	194 claims paid, 7 rejected
Outstanding claims reserve	1 691	
Net incurred claims	<u>119 726</u>	Claims ratio = 35%
OPERATING EXPENSES		
Personnel expenses	106 478	100% project manager time, 20% Relationship Executive time
Administrative expenses	143 296	Tagging fee to vets, cost of RFID readers and chips, post mortem fees, travel, village meetings etc.
Commission expenses	49 637	10% paid to cooperative banks
Total operating expenses	<u>299 411</u>	Expense ratio = 84%
NET INCOME	<u>-65 236</u>	Combined ratio = 118%

8.1 EXPENSE ALLOCATION

The expense allocation for Relationship Executives' salaries is based on the amount of time that Relationship Executives spend on the livestock products. Relationship Executives spend almost 20 per cent of their time on the livestock portfolio, even though livestock makes up about five per cent of their portfolio, because of their extensive involvement in the enrolment and claims processes.

When IFFCO-TOKIO assesses the viability of the product, it views the viability from the point of view of the Bima Kendra. The Relationship Executive is responsible for the complete range of products offered by the Bima Kendra including motor, personal accident, trade and livestock. From IFFCO-TOKIO's perspective it is difficult to remove any of these product lines if it wants to work with cooperative banks. Hence, IFFCO-TOKIO evaluates viability for the Bima Kendra as a single unit, rather than as individual products. It allocates expenses proportional to the premium collected, not actual time spent on each product. Livestock constitutes about five per cent of this portfolio and IFFCO-TOKIO therefore allocates five per cent of the Relationship Executive's time to livestock products, rather than the 20 per cent included in the calculations in Table 3.

By allocating expenses proportional to premium (rather than time), IFFCO-TOKIO effectively cross-subsidizes the livestock portfolio with the rest of the bancassurance products. IFFCO-TOKIO is comfortable with the cross-subsidization because of the strategic importance of livestock insurance in enrolling cooperative banks as partners. Without livestock there would not be a bancassurance portfolio, as cooperative banks would not partner with IFFCO-TOKIO.

Table 4: Project income statement

Indicator	Phase-I As of Mar. 2010	Phase-II As of Mar. 2011	Phase-III As of Oct. 2011
Total number of cattle insured	2 355	17 435	28 136
Total number of beneficiaries	947	11 290	16 799
Growth ratio	0%	148%	112%
Earned premium	US\$ 9 964	US\$ 93 618	US\$ 353 901
Net income ratio	-456.8%	-65.5%	-18.4%
Incurred expense ratio	521.5%	122.7%	84.6%
Incurred claims ratio	35.2%	42.8%	33.8%
Number of claims paid	3	115	194
Claims rejection ratio	0%	4%	3.5%

8.2 SCALE

From IFFCO-TOKIO's perspective the most important indicator to control is the claims ratio: if claims can be monitored and the related processes controlled, the Bima Kendra is likely to be profitable with scale. During the pilot (see Table 4), the expense ratio fell from 521 per cent in Phase I to 84.6 per cent in Phase III, as the initial fixed costs related to technology and project management were spread across a larger number of policies. The expense ratio of 84.6 per cent is still high, but is likely to fall as the RFID technology becomes cheaper. The cost of readers and chips has fallen by 50 per cent since the project started. The cost of readers reduced from INR 12,000 to INR 6,500 (US\$ 255 to US\$ 138) and the cost of chips fell from INR 150 to INR 80 (US\$ 3 to US\$ 1.7). Other insurers have started using RFID technology and the cost is likely to fall further as new technology providers enter the market.

While scale will help make the product viable, other innovations might be needed to improve cost-effectiveness, such as:

1) Multi-year policies that allow the enrolment and RFID chip costs to be amortized over multi-year premiums. As IFFCO-TOKIO gains a better understanding of mortality rates it can introduce multi-year policies that match the loan period (typically three years). The multi-year policies can be offered at a discounted rate since the fixed tagging cost can be deferred over multiple years. IFFCO-TOKIO plans to implement three-year policies in Rajasthan in 2012.

2) Intensive growth within existing areas. To leverage its investments in the Bima Kendra and the technology (RFID readers), IFFCO-TOKIO needs to enroll more cattle in the areas where it already has a presence. One way to do this is by working with other distribution channels in the areas, such as microfinance institutions.

3) Selective use of veterinarians during the enrolment and claim settlement. As Relationship Executives become more experienced they should be able to manage routine tagging and claims settlement processes. Veterinarians can then only be used during special cases, for example when the cattle to be enrolled might seem unhealthy or when the death seems suspicious.

4) During the pilot IFFCO-TOKIO was not able to implement a systematic renewal process because its focus was on new policy generation. Renewals were initiated by milk cooperative societies and farmers rather than Relationship Executives. As the programme matures and expands, IFFCO-TOKIO needs to standardize the renewal process. Increasing renewals will improve the expense ratio, as the enrolment and technology costs will be spread across multi-year premiums.

9 > CLIENT VALUE

The case illustrates the link between client value and business viability. IFFCO-TOKIO started offering the product because it wanted to attract a specific distribution channel. Along the way it made several product and process changes in order to make operations more efficient and to improve the viability of the product. Several of these business-motivated decisions have had a positive impact on the client value of the product (see Table 5). These are encouraging developments because, while the sector has many stories of the trade-offs between business viability and client value, there are few experiences highlighting the positive correlation between the two dimensions. The client value improvements² are even more interesting because they are tied to a product that is mandatory. Often mandatory products are ignored when insurers are trying to think of ways to improve client value. From a business perspective it makes sense to start with a simple mandatory product when entering a new market. If insurers are able to provide client value from their mandatory products, they can set the stage for more complex, voluntary offerings.

The following activities have affected client value and business viability:

Removal of the 50 per cent clause during pregnancy: IFFCO-TOKIO's removal of the clause (see Box 2) had minimal impact on business viability, as it has thus far received only one claim for cattle that died during pregnancy. IFFCO-TOKIO believes that the removal of this clause has an important effect on client value, because clients are covered during a period when cattle are most vulnerable. Removing a clause also has an impact on perceived client value, as Relationship Executives do not need to defend this clause when explaining the policy. It removed an opportunity for clients to question the value of the policy during enrolment.

Faster claims processing: IFFCO-TOKIO has processed most claims in 8 to 30 days. This improvement is largely due to the change in the process that requires Relationship Executives to visit the farmer within six hours of notification. The process has also improved because the people adjudicating the claims trust that the claims are genuine (due to the technology and greater control by IFFCO-TOKIO) and are therefore likely to process them more quickly.

Door-to-door service for clients: IFFCO-TOKIO's desire to have greater control and its use of Relationship Executives has helped farmers because now they do not need to travel to get enrolled or have their claims processed. All interactions with farmers happen within the farmer's own community. This is especially important for claims processing, where the farmer simply needs to make a phone call and the Relationship Executive arrives within six hours.

Lower premium: To incentivize cooperative banks and milk societies to try RFID, IFFCO-TOKIO offered discounted premiums (three to four per cent of sum assured) as compared to market rates of five to seven per cent.

Reduction in transaction costs: IFFCO-TOKIO bears all costs of the veterinarians including issuing post-mortem and health certificates. This is a major improvement for clients because previously the cost of the health certificate or post-mortem could equal 50 to 60 per cent of the annual premium. IFFCO-TOKIO has negotiated lower fees with the veterinarians per tagging as it offers them multiple tagging per visit. IFFCO-TOKIO does not mind bearing the costs as it provides greater control over the veterinarians and reduces the chances of collusion between farmers and veterinarians.

Value-added services: Knowledge about mortality rates of breeds, for example, is passed to Relationship Executives, who then educate farmers. IFFCO-TOKIO has also gained knowledge on cattle management, for example how far apart to place cattle to prevent diseases from spreading. This information is passed to the clients as preventative measures. In certain districts IFFCO-TOKIO provides deworming tablets. Providing value-added services makes business sense for IFFCO-TOKIO as it leads to healthier cattle and fewer claims.

²The client value assessment was done using the PACE, a client value assessment tool developed by the Facility. Details on PACE are available at <http://www.microinsurancefacility.org/en/thematic-pages/improving-client-value>

Table 5: Client value improvements as a result of business decisions

Client value dimension	Change	Client value	Business rationale
Product	Removal of 50% claim during pregnancy	Crucial risk cover during important stage of the cattle maturing	Simpler policy, easier to explain during enrolment
Product	Value added services	Healthier cattle	Healthy cattle don't die!
Access and Experience	Door-to-door service	No need to travel for enrolment or claims	Clients work with IFFCO-TOKIO directly. Build brand over long run for client and the community
Cost	Lower premium	Lower cost	Attracts banks and milk societies
Cost	Reduction in transaction costs	Less money out of pocket	Ability to choose better veterinarians
Experience	Faster claims processing	Get money faster	Greater control over fraud. Involvement in process

IFFCO-TOKIO recognizes that additional client value improvements are still possible. These are discussed in Section 10.

10 > MOVING FORWARD

IFFCO-TOKIO chose a product familiar to farmers and distribution partners that was mandatory and sold through a convenient distribution partner. The rationale was to pilot the product carefully to get a better understanding of the market, client needs and mortality data. To expand and become viable IFFCO-TOKIO needs to find a way to scale, preferably within existing areas where it has already invested in the infrastructure.

Having achieved its pilot targets, IFFCO-TOKIO must find a way to manage the expansion of the programme while maintaining the same level of control over the system. The case highlights the importance of champions across the value chain, such as IFFCO-TOKIO's rural team, Relationship Executives and milk cooperative society leaders. Champions are always important at the start of any project. The challenge is maintaining the involvement of champions and producing new ones as projects expand. This dependence on people poses one of the main limitations to scaling the project.

The high level of oversight and involvement has resulted in many process and product improvements and greater control over processes. This will change with scale. Scale not only means more policies, but also new types of distribution channels. It will be difficult for IFFCO-TOKIO to maintain the same level of control over the process. IFFCO-TOKIO might need to modify its processes and introduce more decentralized decision-making. It will need to track the variations in the claims and expense ratios as new approaches are tested. The lower degree of control may be offset by higher premium volume, but this is not certain, and IFFCO-TOKIO will have to monitor these indicators carefully as it moves forward.

The case is an encouraging example of livestock insurance that can offer much-needed protection to low-income farmers. The business process refinements and the new technology hold promise. The case shows that, if administered carefully, livestock insurance has the potential to become viable with scale.

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ANNEX 1: IFFCO-TOKIO'S MICROINSURANCE PRODUCTS

IFFCO-Tokio's microinsurance portfolio from 2009 to 2012						
Product/FY	2009-2010		2010-2011		2011-2012	
	GWP (million)	Lives covered (million)	GWP (million)	Lives covered (million)	GWP (million)	Lives covered (million)
Sankatharan Bima	96.10	6.40	126.40	8.42	119.70	7.98
Barish/Mausam/Fasal Bima	59.57	0.07	528.67	0.40	1034.28	0.80
Jan Swasthya Bima	0.00	0.00	7.55	0.04	322.96	1.94
Janta Bima	15.83	0.18	6.59	0.04	10.75	0.05
Jan Suraksha Bima	1.34	0.07	0.74	0.03	2.58	0.17
Total	172.84	6.72	669.95	8.92	1490.26	10.95

Sankatharan Bima Yojana (personal accident insurance)

Personal accident policy covering farmers who purchase IFFCO or IPL fertilizer bags from IFFCO cooperatives of a farmer service center. The farmer gets free personal accident Insurance cover of INR 4,000 (US\$ 85) per bag subject to maximum liability of INR 100,000 (US\$ 2,130) for any one farmer per year.

Barish/Mausam/Fasal Bima Yojana (agricultural insurance)

Barish Bima Yojana and Mausam Bima Yojana provide index-based weather insurance. Barish Bima provides cover for monsoon crops based on a rainfall trigger. Mausam Bima provides cover for winter crops using temperature, rainfall and humidity triggers. Fasal Bima Yojana provides yield and index-based weather insurance under a government-sponsored scheme.

Jan/Rashtriya Swasthya Bima Yojana (health insurance)

Jan Swasthya Bima is a group health policy. Coverage under the policy includes hospitalization expenses due to disease or injury. The minimum sum insured is INR 15,000 (US\$ 319) with multiples of INR 5,000 (US\$ 106) thereafter, with maximum sum insured of INR 30,000 (US\$ 638) on an individual or family floater basis. Rashtriya Swasthya Bima Yojana is a government-sponsored cashless health insurance scheme for below-poverty-line families. The scheme covers hospitalization costs up to INR 30,000 (US\$ 638) per year per family. Clients pay a subsidized premium of INR 30 (US\$ 0.64) per family per year.

Janta Bima Yojana (property and personal accident)

Janta Bima Yojana is a composite product providing property (building and contents) and personal accident cover. The policy covers damages up to INR 25,000 (US\$ 532) for premium of INR 15 (US\$ 0.32).

Jan/Mahila Suraksha Bima Yojana (personal accident insurance for farmers and self help groups)

Mahila and Jan Suraksha Bima Yojana offers death and permanent disability cover to groups such as self-help groups. Groups with only female members are insured under the name Mahila Suraksha Bima Policy, whereas Jan Suraksha Bima targets groups of men and women. The policies provide a sum insured of INR 25,000 (US\$ 532) for a premium of INR 15 (US\$ 0.32).

ANNEX 2: PASHU DHAN BIMA PROPOSAL FORM

जारीकर्ता कार्यालय/Issuing office

Issuing office stamp
जारीकर्ता कार्यालय स्टाम्प



Proposal Cum Declaration Cum Certificate of Insurance
पशुधन बीमा नीति (माइक्रो इन्सुरन्स)
PASHU DHAN BIMA POLICY (MICRO INSURANCE)

प्रमाणपत्र संख्या
Certificate No. _____

एजेंसी कोड
AGENCY CODE _____

पॉलिसी अवधि: एक वर्ष दो वर्ष तीन वर्ष Policy Period: 1Yr 2Yr 3Yr शेड नं./Tag No.: _____

उम्कने-डेक्लेरेशन जमल इन्फोर्मेस पशुधन बीमा नीति के तहत बीमा की उपस्थिति की पुष्टि/Confirmation of availability of insurance under IFFCO TOKIO GENERAL INSURANCE Pashudhan Bima policy

- बीमित का नाम / Name of the insured _____
- पिता / पति का नाम / Father's/ Husband Name _____
- पता / Mailing Address _____
ग्राम / Village: _____ पोस्ट ऑफिस / Post Office: _____
तहसील / Tehsil: _____ जिला / District: _____ राज्य / State: _____
पिन कोड / Pin Code: _____ फोन नम्बर / Phone No: _____
- बीमा की परिधि / Scope or cover:
 मूलिक कवरेज / Basic Cover
 विस्तार (ऑप्शनल) Extension (optional) हाँ Yes नहीं No यदि हाँ तो बतायें / If yes, please specify _____
 बीमा की अवधि / Period of Insurance: से / From: _____ चरमरात्री तक / To Midnight _____
 बीमा प्रीमियम विवरण :-
 क) मूलिक बीमा प्रीमियम @ _____ एक वर्ष दो वर्ष तीन वर्ष a) Basic cover premium @ _____ For 1 yr 2yr 3yr Rs. _____
 ख) विस्तारित बीमा प्रीमियम @ _____ एक वर्ष दो वर्ष तीन वर्ष b) Extension premium @ _____ For 1 yr 2yr 3yr Rs. _____
 ग) सेवाकर रु. _____ c) Service Tax Rs. _____
 घ) कुल प्रीमियम (क+ख+ग) रु. _____ d) Total premium (a+b+c) Rs. _____
 ङ) किसान द्वारा देय प्रीमियम (सर्विस टैक्स सहित) रु. _____ e) Premium paid by Farmer (Including Service Tax) _____
 च) सरकार द्वारा देय अनुदान रु. _____ f) Subsidy paid by Government _____
 हाइपथेकेसिंग (यदि कोई) / Hypothecation (if any) _____
 विवरण: कुल प्रीमियम रु. _____ चेक / ड्राफ्ट क्रमांक _____ दिनांक _____ बैंक का नाम _____
 Details: Received a total premium of Rs. _____ Cheque/Draft through instrument no. _____ dated _____ of _____ Bank
 दिनांक/समय/Date/Time: _____

घोषणा पत्र Declaration Form

मैंने पशु का बीमा हेतु मेरी उपस्थिति से स्वास्थ्य निरीक्षण करवा लिया है तथा देना / आर. आई. एफ. डी. मेरी उपस्थिति में लगाया गया है। मैंने द्वारा दिये गये पशु के विवरण के अनुसार मुझे पशु का स्वास्थ्य प्रमाण पत्र एवं बीमा पॉलिसी दे दी गयी है। मैं इस पशु, टैग / आर. आई. एफ. डी. व बीमा प्रमाण पत्र का उचित रखरखाव करूँगा। बीमा समर्पित सभी विवरण मुझे मेरी भाषा में पढ़कर समझा दिया है जिसे मैंने समझ लिया है।
 My cattle has been examined for insurance and has ear-tagged / RFID implanted in my presence. Health evaluation certificate and certificate of Insurance has been issued to me on the basis of information provided by me and henceforth I will be responsible for maintenance of the ear tag/RFID chip & certificate of Insurance issued for insurance of animal. I do hereby confirm that the contents of the Policy has been narrated to me in Vernacular Language. I have read/understood the terms and conditions of the Policy. I confirm that the information recorded are true and correct to the best of my knowledge and belief.

बीमा प्रस्तावक के हस्ताक्षर/अंगुठा निशानी
Insured/Proposer's Signature /Thumb Impression

गवाह का नाम व हस्ताक्षर/अंगुठा निशानी
Name & Signature of Witness / Thumb Impression

स्वास्थ्य जाँच प्रमाण पत्र Health Evaluation Certificate

दिनांक/Date: _____ टैग संख्या / Tag No. _____

मैंने उपरोक्त पशु का निरीक्षण कर लिया है, जो कि श्री/श्रीमति / I have examined the said to be cattle of Mr./Ms. _____

पिता / पति / S/O / W/O _____

व्यवसाय / Occupation _____ ग्राम व पोस्ट ऑफिस / Village and P.O. _____

तहसील / Tehsil _____ जिला / District _____ राज्य / State _____

पिन कोड / Pin Code _____ जिसका पशुधन बीमा किया जाना है जो टैग संख्या _____ से पहचाना जाता है। / To be insured under the cattle insurance or which represented by the above said tag number.

पशु का विवरण निम्न प्रकार है/ Description of the Cattle is as under

नस्ल / Breed	:	_____	पूँछ के गुच्छे का रंग / Colour of tail switch	:	_____
उम्र / Age	:	_____	कंधो की ऊँचाई / Height of Shoulder	:	_____
रंग / Colour	:	_____	दूध उत्पादन (ली. प्रतिदिन) / Milk yield (Ltr./day)	:	_____
सोपों का आकार / Size of Horn	:	_____	प्रथम प्रजनन के समय की आयु / Age at first calving (Yrs.)	:	_____
पशु का वर्तमान बाजार मूल्य / Market Value of Cattle	:	_____	लिंग / Sex	:	_____
सोपों की बीच की दूरी / Distance between base of horn	:	_____	प्राकृतिक पहचान चिह्न / Natural Identification Marks	:	_____

यह प्रमाणित किया जाता है कि पशु सभी प्रकार की बीमारियों से मुक्त तथा स्वस्थ है, जिसे बीमा करने की सिफारिश की जाती है। / It is further certified that the livestock is free from any disease, vices and is in good health, hence this animal is recommended for cattle insurance.

पशु चिकित्सक के हस्ताक्षर, रजिस्ट्रेशन संख्या और स्टाम्प
Signature of Veterinary Doctor, Registration No. & Stamp

FARMER COPY

अधिकृत हस्ताक्षर
Authorized Signatory
IFFCO-TOKIO General Insurance Co. Ltd.

सर्विस टैक्स नम्बर / Service Tax Regd. No: D-44STR4VIGEN IN5103
सर्विस टैक्स कोड / Service Tax Assessee Cst: AAACIF573HS1061

ANNEX 5: CLAIMS FORMS

Annex 5.1 Claim form



IFFCO-TOKIO GENERAL INSURANCE CO. LTD.
 Regd. Office: 34, Nehru Place, New Delhi - 110 019

ADDRESS OF POLICY ISSUING OFFICE

CLAIM FORM
Cattle & Livestock Insurance

- Name of Borrower/ Insured: PARMINDER SINGH
- Son / Wife of: AVTAR SINGH Vill. GHUDANI ^{Kalan} Dist. LUDHIANA
- Policy No. COVENANTS NO. 41416858
- Bank's Name & Branch: ALLAHABAD BANK B.O KHANNA
- Schemed or Non-schemed: Non-Schemed
- (Period) From 16-11-2009 to 15-11-2010

Tag No	Specie & Breed	Sex & Age	Natural Identification mark	Date & Time of Death	Place of Death and Cause of Death/PTD	Claim Amount (In Rs.)
<u>35609000270769</u>	<u>HF</u>	<u>Female 3 year</u>	<u>Color of face Deformed Udder white Feeds black</u>	<u>03/08/2010 6: AM</u>	<u>Vr. Ghudani Kalan, P.O. Khanna Ludhiana</u>	<u>43,000</u>

1. First time animal found to be diseased on Dt. 03/08/2010 and treated by authorised Veterinary Doctor on Dt. N.P.
2. Name & Address of treating Veterinary Doctor N.A.

Date: 02/06/2010

Name & Signature
Dr. VIKAS GARG
 Incharge Civil Veterinary Hospital

Signature of Policy Holder


Signature & Seal of Bank Manager


Note: 1. In the event of any claim intimation to the Bank, Bank should hand over the Claim form after filling the Name of the Policy Holder, Name of Bank and Date of Intimation. The same should be entered in the Bank's Insurance Register Book.
 2. Kindly ensure that all the information and documents should come together for timely settlement of claim.

Annex 5.2: Spot visit report form

IFFCO-TOKIO GENERAL INSURANCE COMPANY LTD.
CORPORATE OFFICE: 4th & 5th Floors, IFFCO TOWER, PLOT NO.3 SECTOR-29, GURGAON 122001
CATTLE INSURANCE SPOT VISIT REPORT FORM
(TO BE FILLED BY THE EMPLOYEE ONLY)



1. Name of the Insured person: PARAMINDER SINGH
 2. Father's name: AVTAR SINGH
 3. Address: VPO - GHODAN, TEH - PARYAL DISTT - LUDHIANA
 4. Policy No/Cover Note No: 41416858
 5. Descriptions of the Dead Cattle:

Animal Type	Breed	Tag No/ RFID No	Horns	Age	Sex	Sum Insured	Scheme Animal or Non-Scheme
COW	HF	55609000 270769	No Ochrom	3 years	Female	43,000	Non Scheme

6. Particulars of Loss
 a) Date of loss/death: 03-08-2010 (b) Time of Death: 6: AM
 c) Brief description of Death: In my opinion, the animal died due to acute Bloat.

ANY REMARKS:

(Signature)
PVC 2486
Dr. VIKAS GARG
Incharge Civil Veterinary Hospital
Pabri (Patiala)

7. Documents Required:
 a) Duly completed claim form
 b) Death certificate from qualified veterinary doctor in company's prescribed form.
 c) Post-mortem report by qualified veterinary doctor in company's prescribed form.
 d) In case of death of a pregnant animal Post-mortem report is a must requirement along with photograph showing the dead animal with foetus.
 e) Most important, recovery of the Ear Tag with a portion of ear and In Case of RFID confirmation of identity through RFID reader by employee visiting the spot.
 f) Two colour photographs (one with visible tag number and other with full body having tag) is a must requirement.
 g) FIR Report, in case the death is due to any accidental cause.

I hereby confirm and declare that I have seen the animal carcass and taken the RFID reading. I also hereby confirm that the RFID number in the animal matches with the RFID Number mentioned in the above mentioned policy.

Name of the employee AKBAL SINGH Signature of the Employee *(Signature)*
 Designation R.E
 SBU
 LSC
 BK Code 141-A (KHANNA)
 Mobile No 98550-03663
 Date 03/08/2010
 Time 10: AM
 Place Ghulam Kulan

Annex 5.3: Veterinary certificate/post-mortem report

VETERINARY CERTIFICATE / POST-MORTEM REPORT

I hereby certify that the animal described below, belonging to Shri/Smt. VASANTHAL W/S MUNIYANDI Of Village AMMAPATTINAM died on Dt. 18.2.2011 which was being attended by me from Dt. 18.2.2011 to Dt. 19.2.2011 and I have conducted Post-mortem of the said animal on Dt. 19.2.2011 to ascertain the cause of death.

DESCRIPTION OF ANIMAL:

Tag No	Specie & Breed	Sex, Age & colour	Natural Identification mark	Place of Death and Cause of Death	Value of animal prior to death (Amount in Rs.)
280524	Bovine, Jersey cross	Female 5 1/2 Yrs, Brown	Hornless Height: 30cm	AMMAPATTINAM HEPATITIS	Rs 17,500/-

In the case of death of the animal:

- Whether Post-mortem conducted? If yes, submit report in the attached pro forma
- Cause of Death: HEPATITIS
- If from disease, Name of the disease & period since suffering..... -
- If from accident, Where did it occur and nature of injuries..... -
- If from an operation, give date and nature of operation..... -
- Had animal been provided every care and attention?..... Yes
- Was the carcass matched and identified with the particulars mentioned in the policy?..... Yes
- In case of Milch animals please state:
 - Date of last calving..... 4 months back
 - Number of months the animals was/is pregnant..... -
 - What was/is the milk yield per day at the starting of lactation..... 17 ltrs/day
 - What was the milk yield per day prior to death..... 5 ltrs/day

In case of Permanent Total Disablement (PTD):

- In case of disablement, describe the nature of injury, disease and state when it occurred and its duration.....
- Has the injury / disease resulted in permanent incapacity to conceive or yield milk or to breed?
- Did you treat the animal for the injury/disease? If so, what was the nature of treatment given to prevent the permanent incapacity to conceive or yield milk or breed?

I hereby certify that the above particulars are, to the best of my knowledge and belief, true and accurate and that no information which ought to be given has been withheld by me.

Date: 19.2.2011
Address: PULIYADITHAMMAM

T. Maheswaran
Dr. T. MAHESWARAN BVSc,
Junior veterinary Asst. Surgeon,
Upgraded Veterinary Sub Centre,
Puliyadithammam.

The form should be completed without delay and forwarded direct to the Company.

