

Assessment of Effects of Natural Risks on Acceptance of Wheat Insurance among Farmers in South Khorasan Province

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Abstract

Agricultural insurance is among new tools that have operated more efficiently for reducing the risks in the agriculture sector. Given that wheat is one of the strategic products among agricultural crops, to reduce its production risks through insurance of agricultural products, is highly important. However, acceptance of wheat insurance by the farmers faces some problems and bottlenecks.

With regard to the fact that experience of the risk in the past years would be one of the factors influencing acceptance of insurance in the years to come, the present study was conducted in the calendar years 1384-1385 (2005-2006) to 1386-1387 (2007-2008) with an aim to making an assessment of effects of natural risks (cold and frost, floods, high temperature, heavy rains, drought, diseases, etc.) on the acceptance of wheat insurance among farmers in South Khorasan Province. The present study has used correlation-descriptive method and statistical population of the study comprises 158 wheat cultivators of South Khorasan Province who were selected through application of Cochran formula. Cities of the province were divided into three categories with regard to their wheat cultivators and one city as selected from each category. In order to increase reliability, some 200 questionnaires were distributed among farmers in Birjand, Sarayan and Sarbishe townships. The data collected from the questionnaires were analyzed with the application of SPSS software. The results showed that there is a meaningful difference between those who accept the insurance and those who reject it in terms of revenues obtained through agricultural activities, the damage sustained by factors such as hail, cold weather and drought. Also, it showed that there is a meaningful relation between variables such as record of the occurrence of damage in the farm, revenues obtained from agricultural activities, damage caused by hail and frost, the frequency of risks, farmers' prediction of risks and assessment of fitness of premium with the variable of insurance acceptance. In this research, through application of logistic regression it was found out that the five variables including the extent of damage caused by hail, cold weather, drought, heavy rains and also history of wheat cultivation are the most effective meaningful factors on the acceptance of wheat insurance. With the application of factor analysis, seven obstacles were identified in the acceptance of wheat insurance including, educational and information bottlenecks, specialization and belief bottlenecks, bottlenecks concerning inappropriate compensation of damage, administrative bottlenecks, economical bottlenecks, bottlenecks pertaining to previous experiences and available facilities and, finally, legal bottlenecks which, in the process of acceptance of insurance, impede farmers to accept insurance.

Keywords:

Assessment, Natural Risks, Wheat Cultivators, Insurance, Acceptance (Adoption), South Khorasan Province

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