

Study of Effects of Olive Insurance on Production & Cultivated Area of Olive in Iran

(A Glance at Olive Insurance Plan in Iran 2002-2008)

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Abstract

The need to support the agriculture sector, especially in the horticulture sector, against coercive and natural risks which are out of control of the producer, is clear to all. Agricultural insurance is among mechanisms to support this sector. Among horticultural products olive is an important one in economic terms. In line with supporting the product, the plan for olive insurance was implemented by the Agriculture Insurance Fund since 2002.

Results achieved through implementation of olive insurance plan in a six-year period (from 2002 to 2008) show that olive risk percentage has grown from 27.6 percent to 51 percent and, proportionally, the Indemnity or compensation paid for this product has taken an upward trend and has turned it from a low risk product in horticulture insurance into a high risk product. This issue, from the insurance and horticultural points of view, is indicative of a drop in production and wastage of national wealth due to lack of required background for such a valuable product. This study has been conducted in Iran with an aim to study effects of olive insurance characteristics on production and area under olive cultivation since the plan was launched in the aforementioned period. For this purpose correlation of olive insurance (premium, level of insurance, maximum commitment of the insurer and the level of damage) was assessed with production characteristics (production drop, level of production and area under cultivation) by using Curve expert software. The lowest correlation coefficient, between the level of production drop and maximum commitment of the insurer was (8.83%) and that of the highest correlation coefficient, between level of damage and level of insurance was (99.42%). Increase in the area under cultivation has a direct relation with the increase in the level of insurance (76.65%) which shows application of insurance policy would result in increase of areas under cultivation; but expansion of under cultivation area has been greater in regions with high risk. Therefore, correlation coefficient, amount of compensation and area under cultivation are directly related (90.85%).

Keywords:

Cultivated Area, Indemnity (Compensation), Production Drop, Agriculture Insurance, High Risk Product, Olive, Insurance Plan.

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