

# Study of Effects of Agricultural Crop Insurance on Development of Cultivation & Horticulture Sub-Sectors in Iran

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## Abstract

Climatic diversity and natural hazards as well as majority of small farmers underline the need for practice of agriculture insurance system. Insurance of crops is part of agricultural products insurance system which is being practiced with an aim to decrease impacts of natural hazards and thereby support farmers. Within this context, the present study, while examining parts of the performance of Agriculture Insurance Fund in Iran in the area of agricultural products, has studied effects caused by payments of the Fund and facilities offered by Bank Keshavarzi to cultivation sub-sector for its development in 1984-2007 by applying Vector Autoregressive model. Results indicated that Fund payments and Bank Keshavarzi facilities have significant positive effects on development of cultivation and horticulture sub-sectors. However, facilities of Bank Keshavarzi seem to have more direct effects on the development of cultivation and horticulture sub-sectors.

## Keywords:

Crop Insurance, Vector Autoregressive Model, Cultivation, Horticulture, Agricultural Insurance Fund, Bank keshavarzi & Iran.

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