Cover may also be extended to include loss due to transit risks.

Livestock insurance cover includes dairy, beef, poultry, sheep, goats, pigs and horses. The poultry insurance scheme covers, layers, broilers, turkey and ducks among others.

Livestock insurance provides cover against death of animals arising from sickness, epidemics and accidents.

Agricultural insurance and availability of credit to farmers

In many instances, farmers do require credit from institutions so as to be able to buy farm input such as seeds, fertilizers, chemicals and farm implements among others. Farmers also need to buy chemicals, drugs, construction materials and the like. Financial institutions however, are not willing to avail credit to farmers unless they are assured that the farmer will be able to pay back the money even in the event of poor returns.

Availability of insurance protection enhances loan repayment as the farmer is assured of repaying the credit using the amount paid in by the insurance company. Arrangements could also be made for the claim proceeds to be paid directly to financial institution that extended credit to clear the outstanding amounts.

"Crops & livestock are among many possessions exposed to risks such as loss or damage. Such treasured possessions can be insured to mitigate financial loss."

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CROP & LIVESTOCK INSURANCE

CROP & LIVESTOCK INSURANCE

Agriculture and the economy

Crop and livestock constitute one of the most important economic activities carried out in Kenya. Crop and livestock farming combined earn Kenya large foreign exchange reserves and, more importantly, guarantee food security. The two sectors are one of the largest contributors to Kenya's Gross Domestic Product (GDP) at 22%.

Challenges faced by farmers in Kenya

Crop and livestock farming in Kenya are exposed to many challenges which make it difficult for a farmer to realize their expected harvest. Some of the challenges including the need to plant the right seeds at the right time and place and using the correct type of fertilizer can be managed through good crop and livestock husbandry. However, others such as changes in weather patterns, excessive rainfall and drought, earthquakes, diseases, damage by wild animals, malicious damage, pests, death of animals etc are beyond the control of farmers

The two sectors are one of the largest contributors to Kenya's Gross Domestic Product (GDP) at

Crop and livestock insurance compensate farmers against uncertainties of animal and crop yields arising out the above risks. This is a sure way of giving the farmer confidence in making additional investments in agriculture.

Why buy livestock insurance?

Livestock insurance is insurance for domesticated animals such as cows, poultry, sheep, goats, pigs, horses etc. These animals can suffer or die from drought, diseases, accidents and other misfortunes such as epidemic, theft, fire, lightening, windstorm and floods.

On the other hand, Crop insurance covers food produce e.g. wheat, barley, sugarcane, maize, rice etc. Crop and livestock insurance compensate farmers against uncertainties of animal and crop yields arising out the above risks. This is a sure way of giving the farmer confidence in making additional investments in agriculture.

How crop insurance works

There are two approaches to crop and livestock insurance;

1. The insurance company agreeing with the farmer on the expected crop yield per acre for the crop being insured. The amount to be insured will depend on the average crop yield in the area concerned. If at harvest time, the farmer gets less than an agreed percentage of the agreed yield, the insurance company pays for the difference. This way the farmer is assured of some return even when there is crop failure;

2. The insurance company insures the farmer against any damage that may arise out of specific perils e.g. drought, floods, disease, fire etc. The farmer must report such damage to the insurance company which will then proceed to assess the extent of loss and arrange to pay the farmer accordingly.

How livestock insurance works

Livestock insurance is provided against death, theft or sickness of animals as a result of an insured peril. The perils include emergency slaughter on health grounds or advice of qualified veterinary experts. Other perils include epidemics, fire and lightening.