TRENDS IN THAI INSURANCE IN THE WAKE OF NATURAL CATASTROPHES: A STUDY OF RICE CROP INSURANCE DRAWING ON THE AREA-YIELD APPROACH

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Abstract

Globally, Thailand is the country that has the fifth biggest harvested area of rice. In the context of cropping rice, climate-related factors make a key contribution. Moreover, there appears to have been an increase in the number of natural catastrophes every year, substantially impacting Thai farmers. This investigation examines an area-yield approach that could be used for mitigating risk in the case of major rice crop insurance with a view to looking after the farmers’ interests, culminating in a rate-making process. Data from six provinces in the northeast of Thailand - Loei, Nakhonphanom, Nongbualamphu, Nongkhai, Sakonnakhon and Udonthani - are analysed from 1995 to 2011. Applying spline regression analysis produces the anticipated yields for these provinces, alongside critical yields established at four distinct coverage levels (85%, 90% and 95%) and two protection levels (100% and 150%), giving a broad spectrum of premium rates. The findings should be of use to the relevant organisations (policymakers and strategic planners) for their respective goals.

Keywords: Area-Yield Crop Insurance, Thai Rice, Premiums