



International Conference

**„Agricultural Insurance as a Tool
for Risk Management“**

15 - 17 November 2006, Madrid

- **Austria's Agriculture in Figures**
- **The Austrian Agricultural Multi-Peril Insurance System**



ÖSTERREICH / AUSTRIA



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Austria's Agriculture in Figures

(Source: Green Report 2006/year 2005)



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Share of agriculture in the gross domestic product:	about 1.6 %
Persons working in agriculture (annual work units)	187 300
Share of unpaid (family) workers	84%
Holdings:	
Agricultural holdings / pure forest enterprises	190 382 / 13 273
Average size of agricultural holdings / incl. forests	18.4 ha / 34 ha
Areas:	
Agricultural area	3 260 000 ha
– Arable land	1 375 000 ha
– Permanent grassland	1 810 000 ha
– Permanent crops (wine, fruit)	72 500 ha
Forested land	3 202 000 ha
Foreign trade:	
export	€ 97.71 bn
imports	€ 96.50 bn

→ about 80% of the foreign trade within the European Union

Austria's Agriculture in Figures

(Source: Green Report 2006/year 2005)



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Crops:

– Grass land and pasture	1 810 000 ha
– Cereals	796 000 ha
– Oil seeds	112 000 ha
– Sugar beets	45 000 ha
– Wine	46 000 ha
– Potatoes	22 000 ha
– Market gardening and horticulture	14 000 ha

Animal husbandry:

– Beef production	2 011 000 cattle
– Pork production	3 170 000 pigs

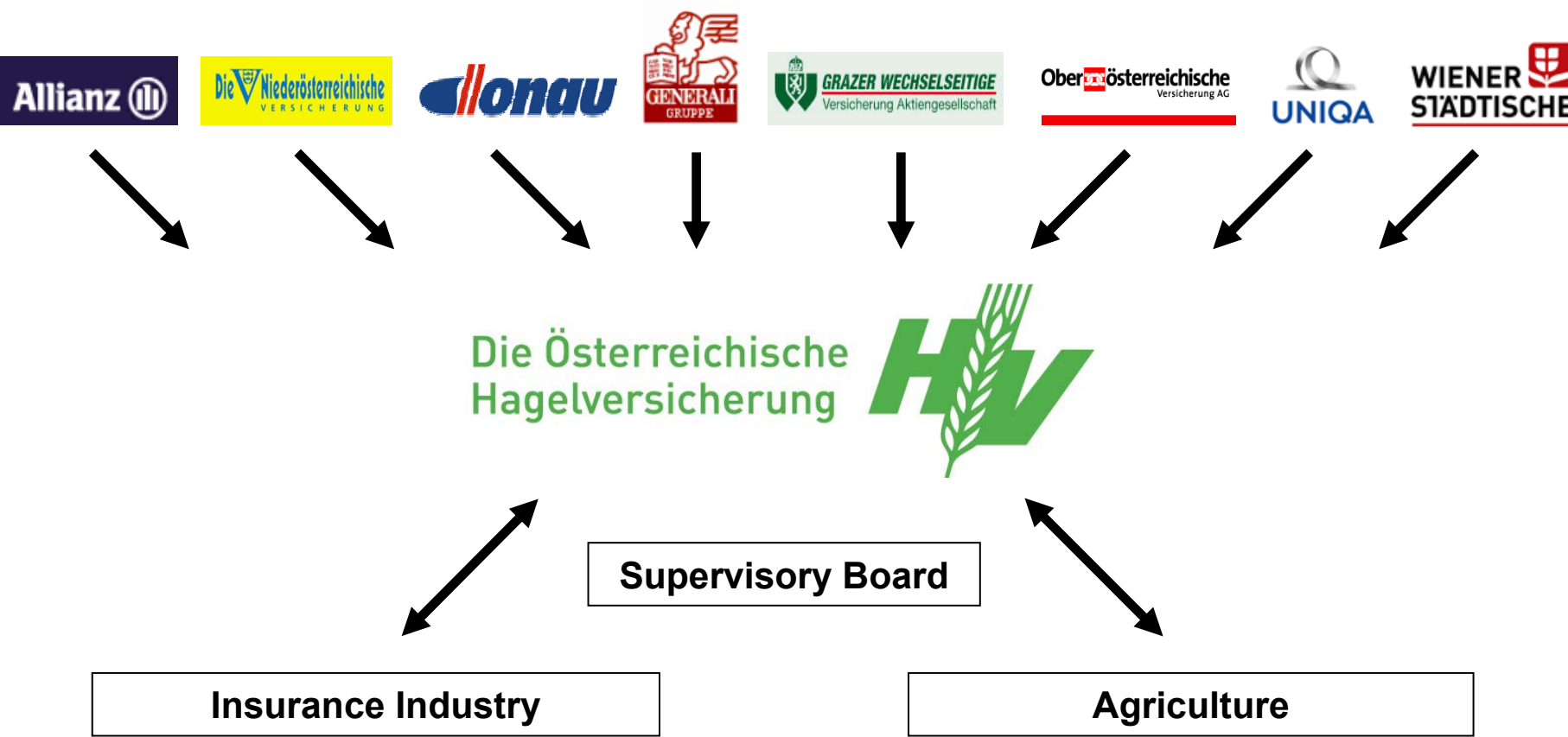


The Austrian Agricultural Multi-Peril Insurance System

60 Years Partnership Insurance & Agriculture



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Business organisation

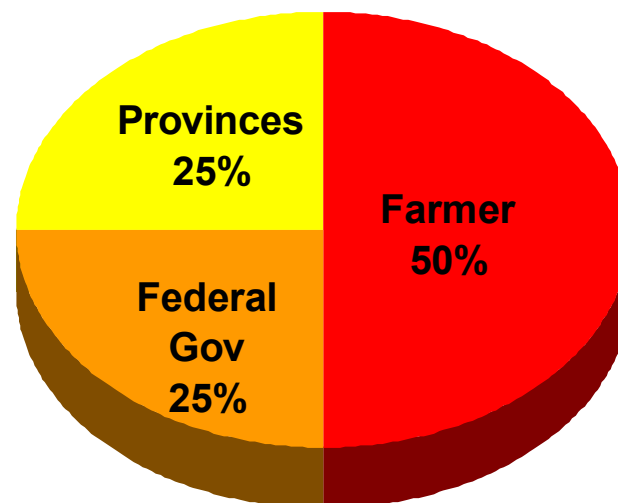
- Mutual insurance association
- Founded by the insurance industry 1946

Corporate objectives

- Comprehensive risk management for agriculture
- Non profit organisation

Hail Insurance Promotion Act

Subsidies to farmers to reduce the hail and frost insurance premium

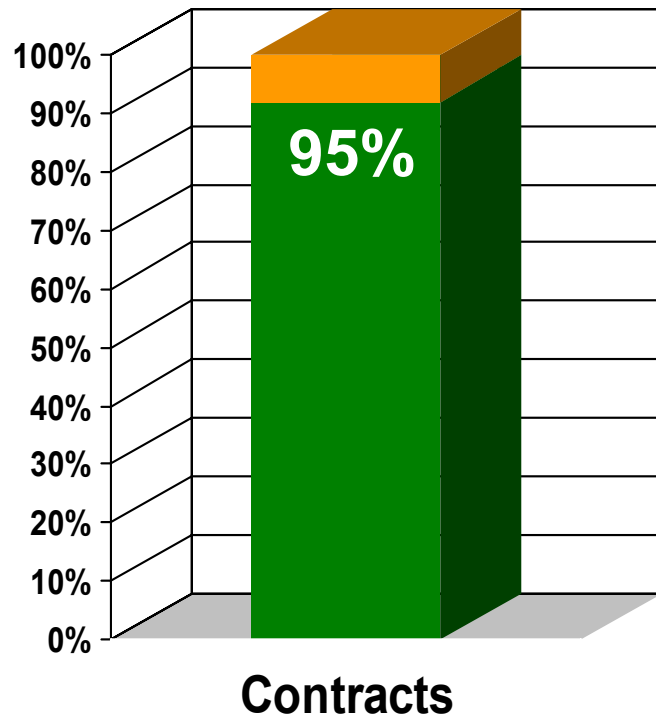


Return of premium in case of little claims

In case of a return of premium the Federal Government and the provinces will each receive 25 % of the returned amount



Use of databases available from the Austrian marketing board (AMA)



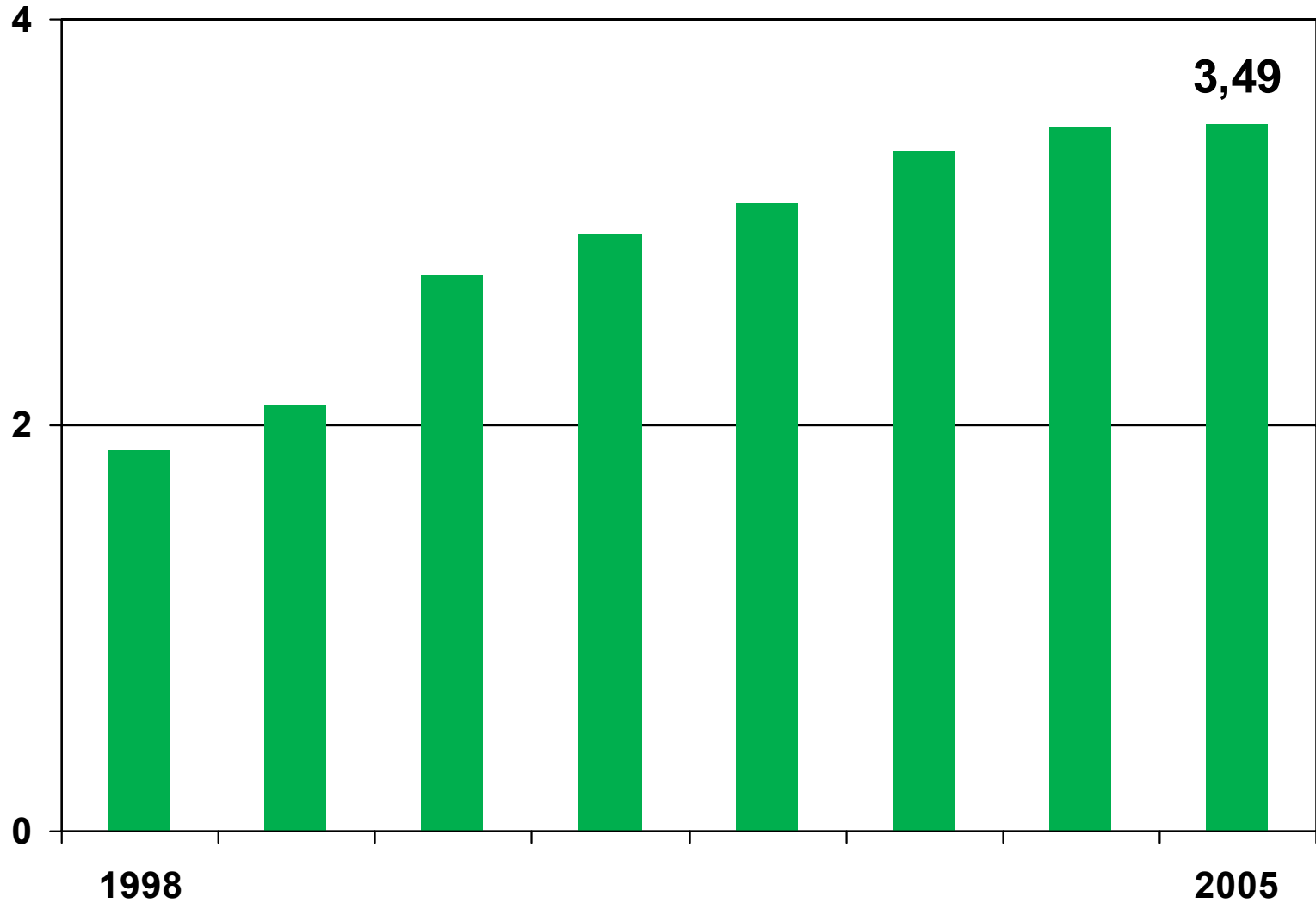
- Without access authorisation to AMA - data
- With access authorisation to AMA - data

AMA - Premium Discount due to direct farm data access

In Million €



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Target: Comprehensive Risk Management

from a pure hail insurer to a comprehensive partner



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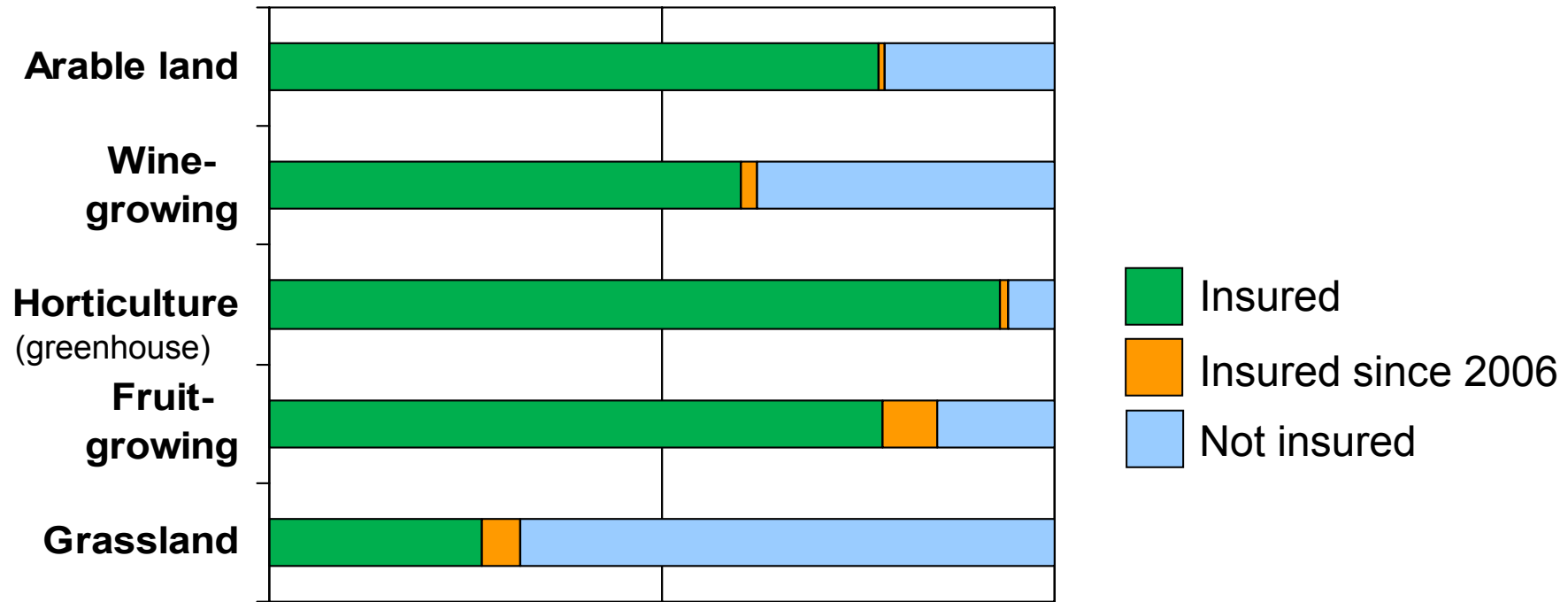
Arable crops and field vegetables	Grassland farmers	Beet-growing farmers	Horticulture and tree nurseries	Wine growers	Fruit growers
Hail	Hail	Hail	Hail	Hail	Hail
Drought	Flood	Frost	Storm	Frost	Storm
Storm	Clamp silo foil	Flood	Snow pressure	Additional expenditure	
Frost	Silage bale foil	Damage from slugs and snout beetle	Ruin		
Drift	Stillbirth		Frost		
Flood	Death of cattle		Flood		
Damage from slugs					
Sprouting					
Permanent rain in times of harvest					
Damage from rows					

Market Penetration 2006

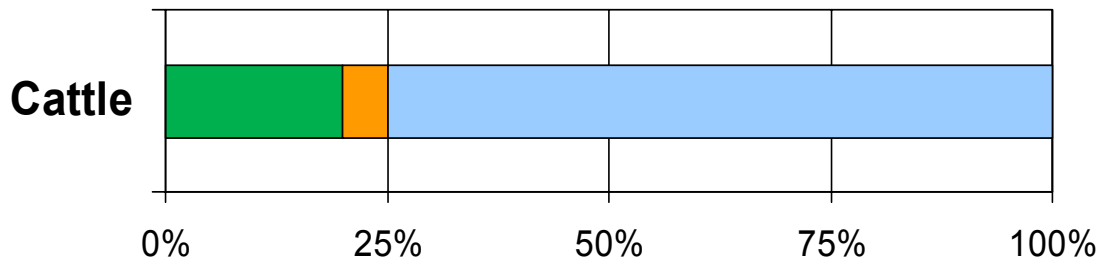


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Area:



Livestock:





Five reasons to take out a multi-peril insurance:

- * Compensation of income losses
- * Structural changes
- * Specialisation
- * Subsidisation
- * Climate change

Preliminary Key Figures 2006



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Hail-insured acreage: 1,115,000 hectare

78.5 % overall coverage of farmland

62.0 % overall coverage of viticultural land

Multiple-risk insured acreage: 703,000 hectare

63 % overall insurance

Premium: € 53.8 million

Sum insured: € 2.3 billion

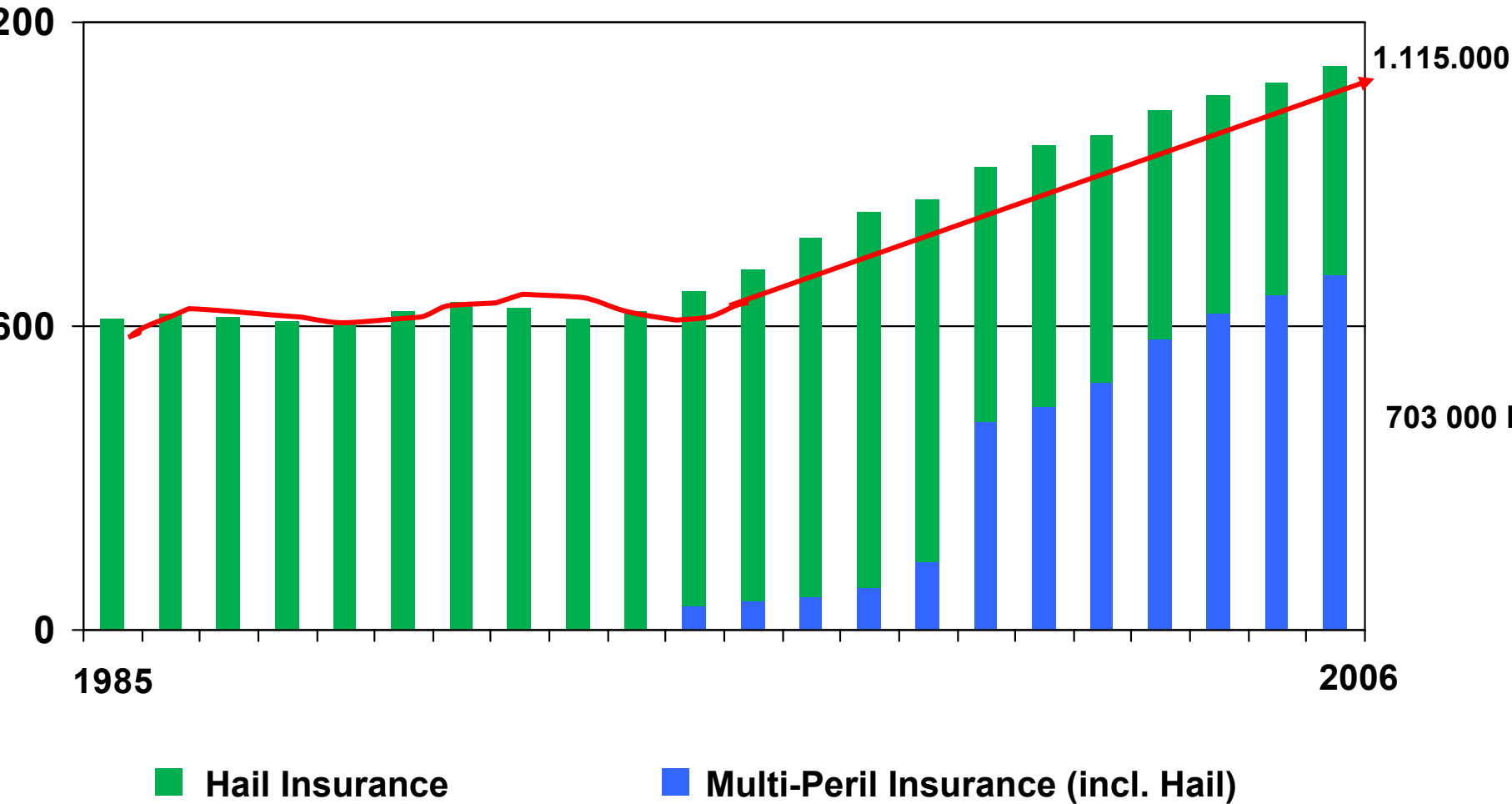
Sum of indemnification: € 40 million

Loss ratio: 74 %

Area Insured in Austria 1985 – 2006



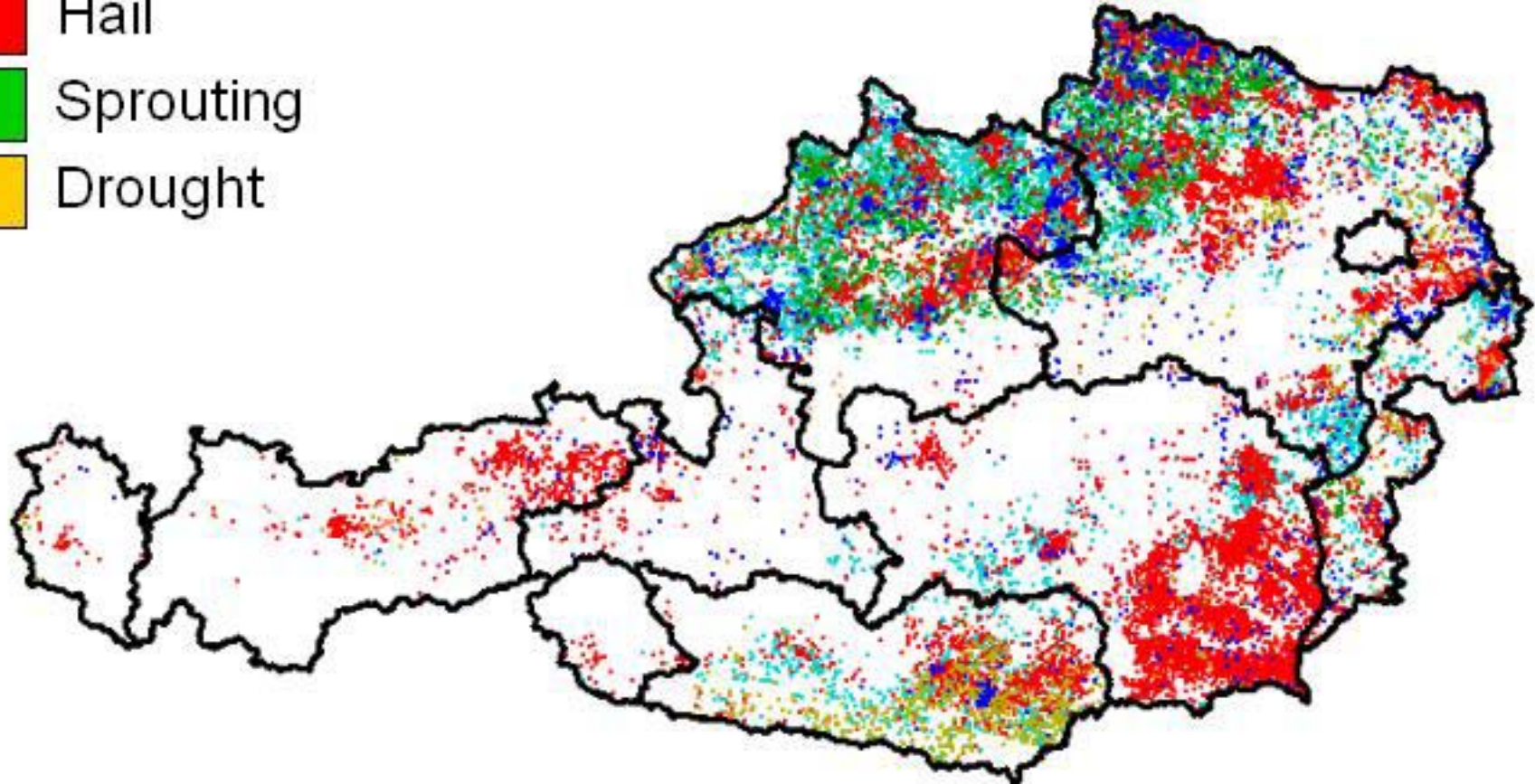
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Claims 2006



-  Frost
-  Flood
-  Hail
-  Sprouting
-  Drought





- Loss adjusters assess each claim at every crop and every field
- Indemnification depends on the chosen insurance product
- Retention from 0 – 50%, in most cases 4%
- Drought damages are compensated if yield falls below determined limits

Claims 2006



Frost



Hail



Flood



Sprouting



Hail



Drought

In Austria

- **hail and 9 other risks** are insurable
- there is an **established private-public partnership**:
50 % grants to insurance premiums for hail and frost
- there is an **active risk management** in agriculture:
80 % of the total arable land is insured against hail,
of which 60 % is also insured against multiple risks.
- 25% of the entire cattle is insured