

## Discussion on the Development Policy Tea Planting Insurance in China

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### Abstract

China is the main tea producing area in the world, and under the policy environment of developing regional characteristic agriculture in our country, it is beneficial to improve the risk-resisting ability of tea planting and guarantee the income of farmers. On the basis of tea planting disaster, in this paper, the author analyzes the necessity of promoting policy tea planting insurance in China and the current situation of developing policy tea planting insurance in some provinces and cities, from strengthening the design of top-level, designing basic risks + supplementary insurance schemes, building catastrophe risk dispersing mechanism, To strengthen the propaganda of the Government, the paper puts forward the way to promote policy tea planting insurance in China.

### Keywords

Policy tea planting insurance, index insurance, catastrophe risk, natural disasters.

### 1. Introduction

It is necessary to set up policy tea planting insurance in China. First, China's tea planting area, output value of the increase each year, the establishment of policy tea planting insurance is conducive to protect the interests of farmers and ensure the development of tea industry. At present, China has 18 provinces, municipalities and autonomous regions to carry out tea cultivation, the development of tea industry, tea industry has become part of China's provinces and cities of the characteristic pillar industries, to promote agricultural restructuring, local economic development and improve the level of farmers' income has played an important role in supporting. As our country has been developing policies to support the development of regional characteristic agricultural industry, from 2010-2015, the planting area of all kinds of tea in China is expanding, and by 2015, the national tea plantation area reached 2.8773 million hectares, which grew 12.12% in the world first, and reached about half of the world tea planting area, in recent years, China's tea plantation area as shown in Fig. 1. From the production of tea, in 2015, the national dry tea production of 2.278 million tons, year-on-year growth of about 8.9%. From the tea output value, the 2015 National dry tea output value of 151.92 billion yuan, year-on-year growth of 12.6%. Therefore, with the rapid increase of planting area and output value of tea industry in our country, it is beneficial to stabilize tea farmers' income and escort the stable development of tea industry in China.

Second, China's tea plantation is affected by natural disasters, the establishment of policy tea farming insurance business is conducive to improving the ability of farmers to resist risks. In recent years, with the change of climate and environment, the natural disasters in the process of tea planting and production in China have a direct impact on the income of farmers. For example: In July 2016, the Yangtze River in the middle and lower reaches of China's flood disaster, distributed in 11 provinces and cities, affected by more than 4 million acres of tea plantations, economic losses of 10 billion yuan. It can be seen that the timely opening of policy tea planting insurance business is conducive to improving the tea industry's ability to resist risks and improve the level of natural disaster compensation.

Third, the risk of tea planting disaster is different from the general risk of fire, which has the characteristics of high loss frequency and large loss range, so we need to increase the financial support and set up the policy of tea planting insurance business. Because of the heavy impact of

meteorological disasters and pests on the tea planting process, and the "constant" and "uncertainty" of the risk, this will make the commercial insurance companies for the purpose of profit can not rely on their own power to disperse this risk, commercial insurance companies for their own stability and maintain a certain profit-making characteristics, do not want to take the initiative to undertake tea insurance business, which needs to improve financial support means, through increasing financial subsidies, such as the establishment of policy tea farming insurance business, for farmers and the development of tea industry to provide support.

Forth, the policy of tea planting insurance is advantageous to solve the risk of tea plantation and raise the level of farmers' financing. Tea Garden Forest Mortgage loan is the common financing means of tea farmers, with the policy of the protection of the insurance, sustainable production, tea plantations can be beneficial to the bank through evaluation of the value of tea plantations, to achieve the financing of tea farmers, so as to help farmers to expand the scale of production and upgrading tea industry, To realize the development of tea industry and the improvement of farmers' income level.[1]

## **2. Current situation of policy tea planting insurance in China**

First, some regions actively carry out the policy of tea planting insurance pilot business. For example: 2015, Zhejiang province Lishui Liandu District, Songyang County insured Tea garden area of 11565.5 Mu, the premium 1.103 million yuan, the insured amount 72.1201 million yuan, the insured 3158 households, the provincial and municipal finance each bear the premium 30%, the peasant household burden 40%. In 2016, Huitong to support the development of the region's characteristic industries, the China Life Insurance Company Limited, with branch companies to operate policy tea insurance business, and organize township, village coordinators to the tea growers to collect the premium of 300,000 yuan, and the provincial financial support tea policy insurance premiums 240,000 yuan, County financial arrangements tea characteristic agricultural insurance premiums 60,000 yuan, covered by an area of 10,000 acres. It can be seen that some tea producing areas have been actively promoting the development of policy tea-planting insurance business according to the actual situation. [2]

Second, some of the areas of policy-making tea farming insurance business has made some farmers get compensation. For example: In 2015, Zhejiang Province Songyang County tea planting by early spring "late" influence, of which more than 5,100 acres of tea garden to be paid by insurance companies, the amount of compensation to reach 448400 yuan, the benefit of farmers to reach 1609 households. The policy of tea planting insurance business to a certain extent to compensate for the loss of farmers, and stabilize the farmers income.

Third, in combination with agricultural insurance innovation, some areas pilot Tea index insurance business. For example: Anxin Agricultural Insurance Co., Ltd. Shaoxing Center Branch issued a plan to start the tea planting Low-temperature Frost Meteorological Index policy insurance. To ensure the area of 50 acres (inclusive) above and planting more than one year of the tea plantations encountered temperatures below 0 °C low-temperature freeze injury risk. The insurance amount is 1500 yuan per mu and the insurance rate is 8%. Among them, the provincial, municipal two-level financial subsidy 70%, tea farmers Bear 30%, that is, per MU premium 36 yuan. Tea Cold Frost Weather Index insurance pilot Benefits Shaoxing Tea production, family farms, professional cooperatives, tea enterprises 500, nearly 50,000 farmers, to ensure that nearly 100,000 acres of tea plantation area.

## **3. Discussion on the development of policy tea insurance planting Insurance in China**

### **3.1 To promote the policy of tea planting insurance development principles and ideas**

The basic principle of "government guidance, market operation, peasant household voluntary and synergetic advance" should be used to learn from the experience of other policy agricultural insurance. According to this principle, the idea of promoting policy-based tea-planting insurance development is

determined: first, we need to exert the impetus of government, make full use of financial policy means, exert the function of government finance to subsidize farmers at all levels, and classify many varieties of tea as policy agricultural insurance, and enlarge the area of coverage of tea cultivation. Actively guide and encourage farmers to participate in policy tea planting insurance, cultivate the enthusiasm of farmers to participate voluntarily, and constantly improve the risk-resistant ability of tea cultivation for farmers to meet the loss of natural disasters to provide protection. Second, we need to fully mobilize the enthusiasm of the market subject, in accordance with the premise of the development of market economy, to further play the insurance institutions in disaster prevention and control, risk transfer and prevention of the advantages, to ensure that the insured tea farmers after the disaster reconstruction, recovery production. Third, the Government, agriculture, finance, meteorology, publicity and other departments should strengthen the communication and coordination of insurance institutions, and promote the development of policy tea planting insurance pilot work. [3]

### **3.2 The way of promoting policy tea planting insurance**

1. Strengthen the top level design, carry on the reasonable plan. All regions should be combined with their own characteristics, local-specific design policy of tea planting insurance development planning. The system design of the various regions should include the following: the role and function of the Government in the development of policy-oriented tea-planting insurance, the financial subsidy and preferential tax policy, the scientific and reasonable tea planting risk zoning and the regional rate scheme, the tea Insurance Grassroots organization plan and the decentralized mechanism design of catastrophe risk transfer in tea plantation.
2. According to the risk of tea planting and the demand of farmers, the basic risk guarantee scheme of basic insurance and additional insurance are designed. In order to fully investigate the occurrence of natural disasters, accidents, pests and diseases in the process of tea planting in various regions, the scope of risk protection should be designed according to the characteristics of different regional disasters. For example: Compared with other agricultural insurance products, for the fire, storm, hail and other risks on the direct economic loss of tea cultivation, design basic insurance, when encountering tea root disease, spring snowstorm and other risks, design the corresponding additional risks. According to the tea varieties planted by the farmers and regional risk situation to choose the insurance products to meet their needs. [4]
3. In response to more and more catastrophe risks, the policy-oriented tea plantation insurance catastrophe dispersion mechanism is designed. The catastrophe risk has the quasi public product characteristic, the insurance company cannot undertake the catastrophe risk to bring the loss, this needs the government policy support more. At present, the catastrophe risk can be realized by reinsurance, catastrophe fund, catastrophe bond and so on. The first step is to improve the dispersing mechanism of tea plantation reinsurance, and through reinsurance mechanism, the risk of tea planting can be dispersed to a greater extent. According to the large scale of tea planting, once risks, the loss area is wide and other actual characteristics, it is advisable to use the accident super compensation reinsurance and compensation rate super compensation reinsurance and other methods. Secondly, the establishment of tea planting policy Insurance Catastrophe Fund system. It is suggested that under the guidance of the Government, the establishment of Catastrophe Fund Management Institutions, through financial investment, tax concessions, policy-oriented tea cultivation insurance premiums in proportion to raise the catastrophe fund, from the Catastrophe fund management structure for operation and management, and the establishment of fund payment methods, to meet the catastrophe losses of the business subject to provide a certain degree of compensation, Enhance its ability to resist risks of catastrophe, to achieve the main business and tea farmers catastrophe loss guarantee. Finally, after perfecting the relevant legal system and the capital market construction, we can also actively study the issuance of catastrophe bonds in the capital market and disperse the catastrophe risk through the capital market tools, but considering the reality of the underdeveloped capital market in our country, we suggest that we should wait until the conditions are ripe.

4. The government needs to increase its publicity efforts to make policy tea plantation insurance an important policy of benefiting farmers. According to the experience of other policy agricultural insurance in China, "low charge, low security and wide coverage" is still the basic way for tea planting insurance in China. Under the propaganda and guidance of the Government, we gradually cultivate the enthusiasm of farmers and the awareness of risk guarantee, so that policy tea planting insurance becomes the essential financial service item in tea planting and production, and realizes the target of government supporting agriculture and benefiting farmers.

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