



SUGAR INSURANCE FUND BOARD

INFORMATION PAPER (BD2015/8/4)

FOR BOARD MEETING TO BE HELD ON THURSDAY 8th OCTOBER 2015 AT 13:30 HOURS

CROP 2014 SYNOPSIS

1. ACTUARIAL REVIEW 2014

- 1.1 The recommendations in the 2011 Actuarial Report enacted by Act No. 1 of 2012, more particularly the 50% reduction of all general insurance premiums, were well received by insureds of SIFB.
- 1.2 However, the basis for 'Event Year' declaration, the threshold of 25% in crop reduction measured island-wide to trigger compensation payable to insureds caused discontent within the community in view of the micro-climatic profile of the country; despite the fact that the Board, in its own deliberate judgment, provided a flexible sunset clause (Section 25(2)) to declare an event year for overall crop reduction in the range of 20% to 25%, subject to an actuarial advice.
- 1.3 Against this background and to continue the fulfillment of its obligations under the SIF Act, the Board commissioned a fresh actuarial review to review the basis for "Event Year" declaration and the operations of the Fire Insurance account and make appropriate recommendations more particularly that the account is in deficit.
- 1.4 The Consulting Actuaries held consultation sessions in June 2014 with various stakeholders having submitted written memoranda for consideration for the Actuarial Review 2014 at a time when drastic fall in sugar prices on the world market was announced. The stakeholders made a plea to consider the impact of the fall in sugar prices in the actuarial review. These representations prompted the Board to broaden the Terms of Reference (ToR) of the Actuarial Review namely:

Taking into account, firstly, the adverse impact brought about by circumstances beyond the control of insureds, of the projected ex-Syndicate price for the 2014 Crop, and a probable similar occurrence for the 2015 Crop on the viability of all insureds of the SIFB; secondly, the financial strength of the SIFB; and thirdly, the ex-Syndicate price of the 2013 Crop, the Consulting Actuarial Firm to advise the Board:

- (i) whether funds can be committed to provide insureds with financial assistance; and*
 - (ii) in the affirmative, the quantum of funds that can be committed on a one-off basis for the 2014 and 2015 crops and the modalities thereof.*
- 1.5 The Consulting Actuaries submitted their report in October 2014. The Board adopted the actuarial recommendations and the approval of MOFED was subsequently sought for implementation.

1.6 Thereafter, necessary amendments were brought to the SIF in May 2015 to give effect to the actuarial recommendations. The following new insurance terms became applicable:

1.6.1 New Insurance Terms for General Insurance Account:

A. Basis for “Event Year” declaration

The prescribed area for “Event Year” declaration is revised from ‘**Island of Mauritius**’ to ‘**Enlarged Factory Area**’ (EFA) effective as from Crop 2015. The enlarged factory area corresponds to the 4 factories in operation namely:

1) OMNICANE Milling Operations Ltd

OMNICANE EFA encompasses the factory areas of the South sector namely Mon Trésor, Riche-en-Eau, Saint-Felix, Rose-Belle, Britannia, Union St. Aubin and Savannah.

2) ALTEO Milling Ltd

ALTEO EFA encompasses the factory areas of the Centre and East sectors namely and Deep River Beau Champ, Constance La Gaïeté, Highlands, Mon Desert Alma and F.U.E.L.

3) MEDINE Sugar Milling Company Ltd

MEDINE EFA encompasses the factory areas of the West part of the island namely Reunion and Médine.

4) TERRA Milling Ltd

TERRA EFA encompasses the factory areas of the North sector namely Beau Plan, Belle Vue and Mon Loisir.

B. Threshold for “Event Year” declaration

For the purposes of Section 25(1) of the SIF Act, the prescribed percentage of the total insurable sugar has been revised from **75% at Island-Area level** to **83% per EFA**.

This implies a change to 17% shortfall in sugar production at EFA level from 25% at island-level under previous insurance terms.

C. Crop 2014 Premium Waiver

Exceptionally for Crop 2014, the general insurance premium has been waived to all categories of insureds.

The general insurance premium thus waived for Crop 2014 amounted to Rs 185,232,490.

1.7 New Insurance Terms for Fire Insurance Account:

A. Extension of Fire Compensation to Cropping Season

A new sub-section 37(2)(e) has been added which reads that:

“No compensation shall be paid where the Board is satisfied that it is economically viable for the insured to harvest and mill the burnt canes at a factory outside the enlarged factory area of the cane plantation with the burnt canes”.

This new sub-section extends fire compensation to cropping season in limited cases and is subject to report of fire within 10 days and the Board being satisfied that it is **not** “economically viable for the insured to harvest and mill the burnt canes at a factory outside the enlarged factory area”.

However, where burnt canes have been harvested and milled at a factory within the EFA, no fire compensation is payable.

B. Fire Premium Rates

Effective since Crop 2014, the fire premium has been increased from **Rs 12.50** to **Rs 16.75** per ton of insurable sugar to address:

- 1) Adverse historical claims experience as reflected by the deficit in the Fire Account;
- 2) Extending payment of fire compensation to cropping season.

1.8 One-Off Financial Assistance for Crop 2014 (New Provision):

1.8.1 Taking into account the drastic fall in producers’ revenue from the dwindling sugar prices in the world market, upon the advice of the Consulting Actuaries and in line with the budget speech 2015, the SIF Act was amended to provide for the payment of a special financial assistance to all insureds, as follows:

- 1) Rs 3,400 per ton of Sugar Accruing or part thereof in respect of Crop 2014 for insureds having a sugar accruing not exceeding 60 T (**Category 1**);
- 2) Rs 3,400 per ton of Sugar Accruing or part thereof in respect of Crop 2014 for a larger growing unit whose insureds immediately before the regrouping each had a total sugar accrued not exceeding 60 T (**Category 2**);
- 3) Rs 2,000 per ton of Sugar Accruing or part thereof in respect of Crop 2014 to all categories of insureds other than (1) and (2) above (**Category 3**).

1.8.2 Thus, the total one-off financial assistance payable to all categories of insureds is Rs. 900,962,726.

2. GENERAL INSURANCE

2.1. Registration of Factories and Plantations

- 2.1.1 Crop 2014 registration started on 2nd May 2014 to end on 31st May 2014. Since the implementation of 5-year staggered registration as from Crop 2012, planters with registration validity of 2-years turned up for renewal of their registration cards for the next 5 years. The practice remains unchanged for large planters (holding 10 Hectares or more of land under cane cultivation in aggregate) and sugar estates with the yearly renewal of registration of their plantations.
- 2.1.2 On the other hand, 15,297 small planters holding valid registration cards for 3 to 5 years were sent a “*Declaration to Board – No Change in Registration Data*” form so that planters can confirm to the SIFB that there has been no change in the information they had declared at time of their last registration. 3,517 forms were returned (23%). Out of 11,780 small planters whose forms were not received, 692 already called at the sub-offices for fresh registration.
- 2.1.3 A total of 6,137 accounts of planters were registered for the crop year, inclusive of late registrations and re-registrations for changes in basic data.
- 2.1.4 With the centralization of milling activities, there were only 4 milling factories in operation for Crop 2014, namely
1. TERRA Milling Co. Ltd in the North sector;
 2. ALTEO Milling Co. Ltd in the East sector;
 3. MEDINE in the West sector; and
 4. OMNICANE in the South Sector.
- 2.1.5 Effective as from the end of Crop 2013 harvest, Deep River Beau Champ factory closed down its operations. All canes harvest emanating from the factory areas of Deep River Beau Champ and Constance have been diverted to ALTEO for milling.

2.2. Crop Harvest & Milling Operations

- 2.2.1 Milling operations for Crop 2014 first started at ALTEO factory on the 26th May 2014. Crop 2014 harvest and milling was prolonged to January/early February 2015 and ended with ALTEO factory on the 2nd February 2015. The longest milling season was over a period of 188 operational days at ALTEO Milling factory.
- 2.2.2 The state of affairs leading to disruptions in Crop 2014 harvest schedule and extension of milling operations were mainly attributed to:
- (i) Workers’ & Artisans Strike in the Sugar Industry (save Médine Ltd) during the crop harvest season from 14th November to 28th November 2014; and
 - (ii) Inclement weather brought by Cyclone Bansi & subsequent consecutive days of uninterrupted torrential rains from 11th January 2015 to 18th January 2015.

2.2.3 The heavy rainfall has constrained Crop 2014 harvest for sugar estates where harvest is usually done mechanically. Access of machinery to fields was rendered practically difficult; some estates had to have recourse to manual cane cutting and loading. These circumstances led some sugar estates to cut short their harvest period and abandon crop harvest in the worst affected areas of sugar estates.

2.2.4 Thus, upon cessation of all factory operations island-wide, Crop 2014 harvest remains **uncompleted**. The start and last dates of milling at each sugar factory in operation is:

Table 1 – Crop 2014 Harvest Schedule

FACTORY	Start Date of Milling	Last Date of Milling
TERRA	3 rd July 2014	27 th January 2015
ALTEO	26 th May 2014	2 nd February 2015
OMNICANE	10 th June 2014	31 st January 2015
MÉDINE	1 st July 2014	24 th November 2014

2.3. Non-harvested Sugar Canes

2.2.5 Sectorwise, these unharvested canes are classified in **Table 2** below, together with estimates of tonnage of canes and sugar short produced computed on the basis of Crop 2014 extraction rates.

Table 2 – Non-harvested Sugar Canes Crop 2014

SECTOR	Total Extent Unharvested [Hectares]	Estimated Canes Unharvested [Tonnes]	Estimated Sugar Short Produced [Tonnes]
NORTH	33 Ha	2,582 T	268 T
EAST	1,081 Ha	85,649 T	9,314 T
SOUTH	310 Ha	31,677 T	3,138 T
TOTAL	1,424 Ha	119,909 T	12,720 T

2.3.1 The total area unharvested is highest in the East Sector, followed by the South. In the East, standing canes represent 30.6% of final registered area for harvest pertaining to ALTEO Ltd. Indeed, rainfall intensity in the month of January 2015 was more prominent in most regions of the South, South-East, East and Central Plateau which has compromised harvest in the Eastern and South-East regions.

2.3.2 **93%** of extent of standing canes are in non-irrigated areas. The only irrigated zones where harvest was abandoned are **Queen Victoria** and **St. Antoine**. The total extent of non-harvested canes are **87%** ratoons. Virgin canes meant for this crop harvest represent only **13%**. Moreover, **83%** of the total extent standing canes are of **R579** cane variety, **13%** locally developed M-type varieties and others of mixed variety.

- 2.3.3 These standing canes are intended to be reaped during Crop 2015 season. Canes of late maturing varieties are expected to continue their growth phase under favorable climatic conditions. However, the sucrose accumulation content of these canes can reduce with deferral of harvest as a result of over-maturity and atypical growth of side-shoots.
- 2.3.4 As provided under section 22 of the Act, **the area unharvested during 2014 crop season was not accounted for insurance purposes.**

2.4. Sugar Production

- 2.4.1 Total caneweight sent to mills for sugar production was **4.044 million tonnes** resulting in a total sugar accruing of **404,146 tonnes** island-wide against a Total Insurable Sugar of **424,715 tonnes**, i.e. a sugar production percentage of **95.2%**. The island average extraction rate is thus 99.8 kg of Sugar per ton of cane produced.
- 2.4.2 The prolongation of Crop 2014 harvest season till end January 2015 also saw a fall of extraction rates from **10.13%** end December 2014 to reach **9.98%** end January 2015.
- 2.4.3 Under ideal conditions, Crop 2014 harvest was expected to be superior to that of Crop 2013. However, the disruptions caused in the harvest schedule have led to forced crop abandonment as well as a fall in extraction rates.
- 2.4.4 The sugar short produced due to (i) fall in extraction rates as a result of prolongation of harvest season and (ii) deferral of unharvested canes for Crop 2015 led to sugar short produced of **18,244 T**, details of which are given in **Tables 3** and 4 below:

Table 3 – Sugar Short Produced due to Prolongation of Harvest & Crop Abandonment

A	Total Cane Weight sent to Mill	4,044,421 T
B	Tonnage of Unharvested Canes	119,909 T
C	Total Cane Weight Expected for Crop 2014 Harvest (A + B)	4,164,330 T
D	Island-Wide Extraction Rate at end of December 2014 (CAD-MCIA)	10.13%
E	Sugar Expected to be Produced (C x D)	421,847 T
F	Actual Sugar Produced (CAD-MCIA)	403,603 T
G	Sugar Short Produced (E – F)	18,244 T

Table 4 – ‘As-if’ Sugar Production

H	Total Insurable Sugar	424,715 T
I	Insurable Sugar Short Produced from Unharvested Canes	12,720 T
J	‘As-if’ Total Insurable Sugar (H + I)	437,435 T
K	Sugar Accrued	404,146 T
L	‘As-if’ Sugar Accrued (K + G)	422,390 T
M	Actual Sugar Production (K / H)	95.2%
N	‘As-if’ Sugar Production (L / J)	96.6%

2.5. Declaration of Event Year

In line with the prevailing insurance terms for Crop Year 2014, the island-wide crop reduction being 5% well below the statutory threshold of 20% crop loss at island area level, no Event Year is declarable by the Board; hence no general compensation payable.

2.6. Sugar Price for Insurance

2.6.1 In accordance with Section 47 of the Sugar Insurance Fund Act, the sugar price for insurance purposes in respect of Crop Year 2014 was determined at the rate of Rs. 13,184 per metric tonne of sugar for planters, inclusive of the added value of molasses.

2.6.2 The sugar price payable for insurance purposes for milling side was fixed at Rs. 12,500 per metric tonne of sugar.

2.6.3 As provided for under the Act, the above rates were approved by the Honourable Minister of Finance & Economic Development and subsequently published under General Notice No. 3283 of 2014 in the Government Gazette of 19th December 2014.

2.7. GENERAL INSURANCE STATISTICS

2.7.1 **Number of Planter Accounts**

- The total number of accounts of planters having a cane consignment for Crop 2014 is **14,921** compared to 16,528 accounts for Crop 2013.
- The trend in the number of insureds (planters/ métayers and millers) having a sugar accruing since 2005 is depicted at **Figure 1** below:

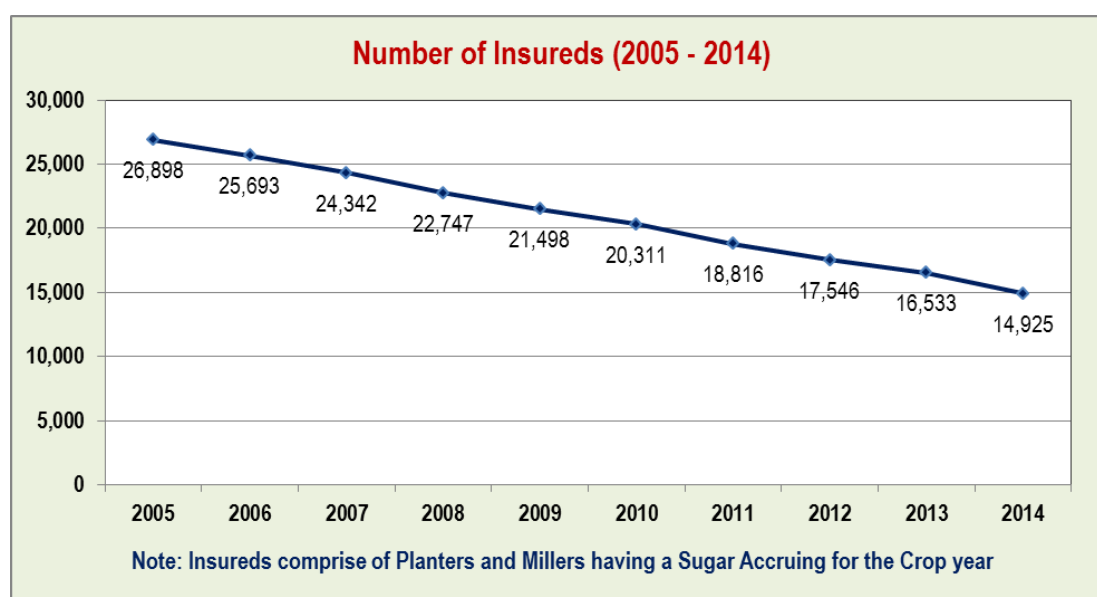


Figure 1

2.7.2 Trend in Extent under Cane

- The total area under cane plantations (plant, virgins and ratoon canes) stood at 58,305 Ha for Crop 2014. Crop 2014 witnessed an effective drop in extent under cane by **1,065** hectares of cane land from last year as shown hereunder:

Table 5 – Difference in Extent under Cane (2013 – 2014)

PLANTER TYPE	CROP 2013	CROP 2014	Difference
Small Planters	15,607	14,917	(690)
Large Planters	6,310	5,872	(438)
Sugar Estates	37,453	37,516	63
TOTAL	59,370	58,305	1,065

- The evolution of Area under Cane from Crop 2005 to 2014 is depicted hereunder:

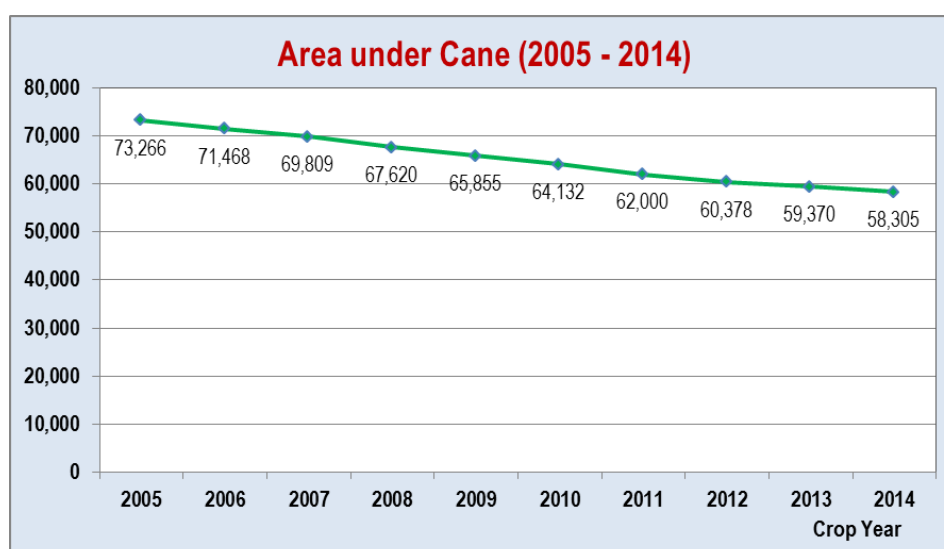


Figure 2

2.7.3 Harvest Extent and Cane Yield

- Exclusive of 1,424 hectares of unharvested canes carried over for next crop harvest, the total area harvested for Crop 2014 is 49,791 hectares for planters who supplied canes for milling with the total tonnage of canes harvested 4,044,421 tonnes being island-wide.
- Albeit a reduction in harvest extent, there has been an increase in the tonnage of canes produced by 228,639 tonnes as compared to 3,815,782 tonnes for Crop 2013.
- **Table 6** shows the harvest extent, cane weight and cane yield for each enlarged factory area.

Table 6 – Harvest Extent and Cane Yield

Enlarged Factory Area	Harvest Extent (H)	Cane Weight (T)	Cane Yield [T/H]
TERRA	11,310	864,189	76.4
ALTEO	18,166	1,473,683	81.1
OMNICANE	15,816	1,308,517	82.7
MÉDINE	4,499	398,032	88.5
TOTAL	49,791	4,044,421	81.2

- The highest harvest extent is seen in ALTEO enlarged factory with 18,166 hectares under cane harvested for milling whilst MÉDINE factory area had the lowest (4,499 H). The highest cane yield per hectare recorded at enlarged factory level is 88.5 T/H for MÉDINE, whilst TERRA had the lowest cane yield.
- **Figure 3** below depicts the trend in harvest extent since Crop 2005.

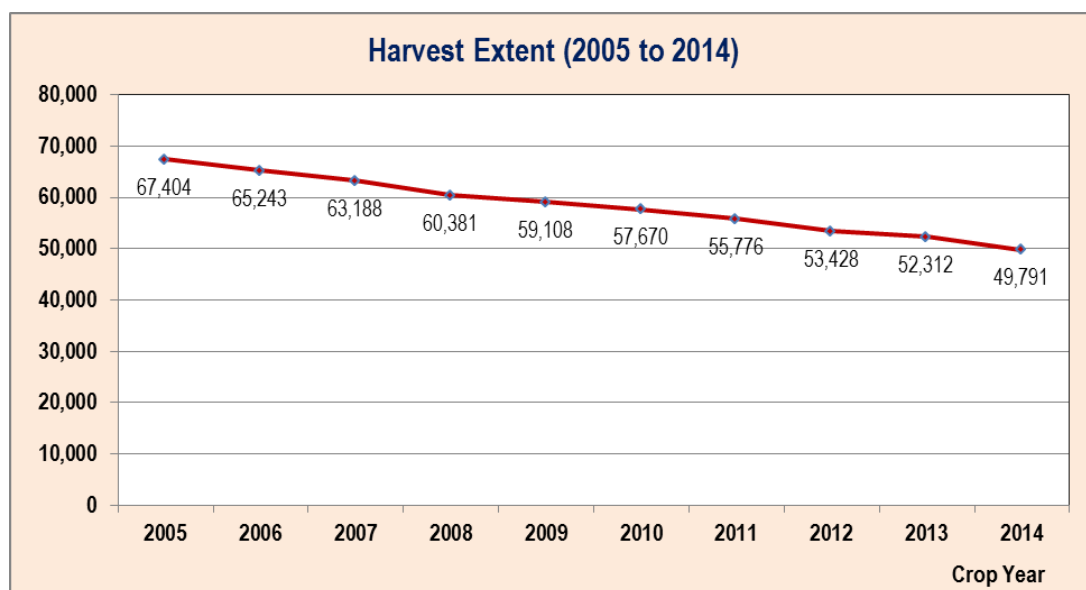


Figure 3

Note: The harvest extent for Crop 2014 excludes the area unharvested of 1,424 Ha.

2.7.4 Category of Planters

- **Table 7** below classifies the number of accounts by enlarged factory area and by category of planters (small and large) and is similarly depicted at Figures 4 and 5 respectively.
- For the purpose of classification in Table 7 hereunder, a small planter is taken as having a harvest extent of up to 10 hectares and a large planter as having harvest extent exceeding 10 hectares in an enlarged factory area.

Table 7 – Planter Category

ENLARGED FACTORY AREA	NUMBER OF ACCOUNTS				
	Small Planters (less than 10 H)	% of Total Accounts Island-wide	Large Planters (10 H and above)	% of Total Accounts Island-wide	TOTAL
TERRA	3,448	23.1%	23	0.2%	3,471
ALTEO	6,561	44.0%	35	0.2%	6,596
OMNICANE	4,491	30.1%	39	0.3%	4,530
MEDINE	307	2.1%	17	0.1%	324
TOTAL	14,807	99.2%	114	0.8%	14,921

- Over a total number of 14,921 planters, 14,807 of them cultivate up to 10 hectares of sugar cane in a factory area and 114 planters cultivating more than 10 hectares of land.
- On overall, the highest quantum of planters for Crop 2014 recorded by enlarged factory area is in ALTEO with 6,596 planters and the lowest in MÉDINE (324 planters).

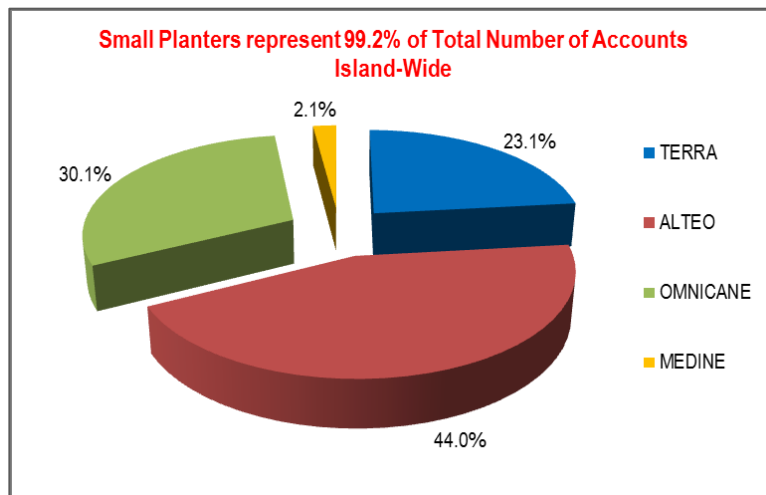


Figure 4

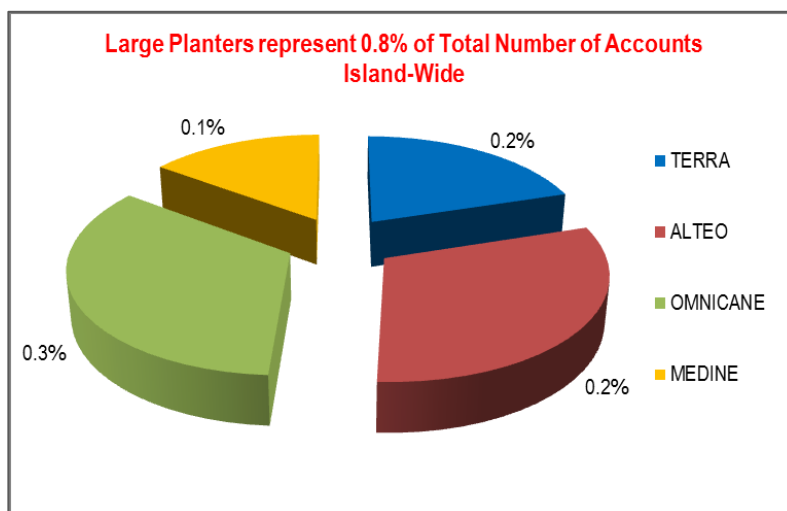


Figure 5

- **Table 8** below shows the breakdown of Harvest Extent between small and large planters by enlarged factory area which is also depicted at Figure 6.

Table 8 – Breakdown of Harvest Extent by Small & Large Planters

ENLARGED FACTORY AREA	HARVEST EXTENT[H]					
	Small Planters (less than 10 H)	% of Island-wide HE	Large Planters (10 H and above)	% of Island-wide HE	Total HE	% of Island-wide HE
TERRA	2,497	5%	8,813	18%	11,310	23%
ALTEO	5,486	11%	12,679	25%	18,166	36%
OMNICANE	3,651	7%	12,165	24%	15,816	32%
MEDINE	356	1%	4,143	8%	4,499	9%
TOTAL	11,991	24%	37,800	76%	49,791	100%

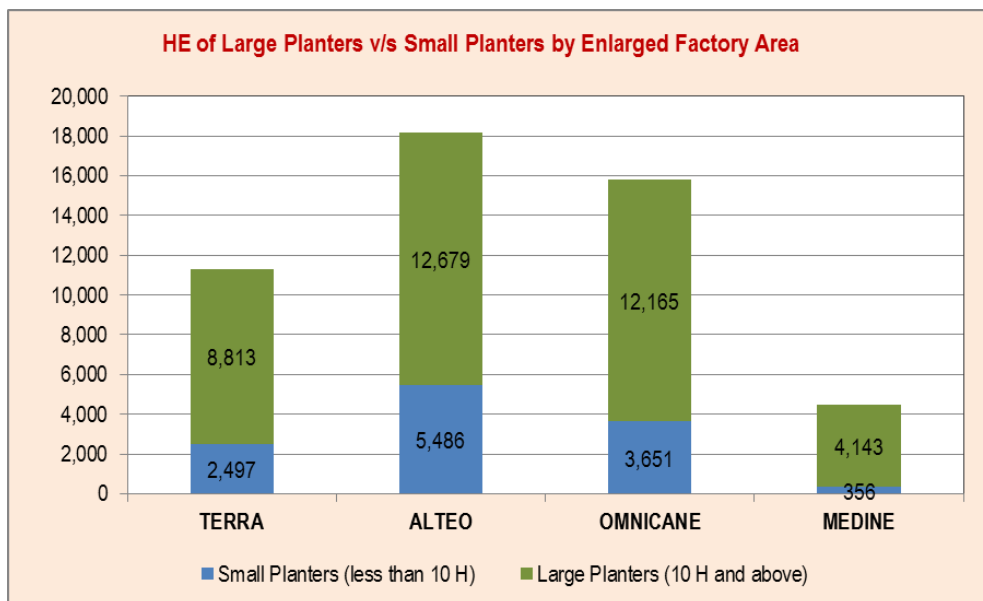


Figure 6

2.7.5 Cane Yield

- The weighted average cane yield per hectare of large planters exceeded those of small planters in all of the respective enlarged factory areas for Crop 2014 (**Table 9**).

Table 9 – Cane Yield

ENLARGED FACTORY AREA	Size	Harvest Extent [H]	Cane Weight [T]	Tonnes of Cane per Hectare (CTH)
TERRA	Large	8,813	678,429	77.0
	Small	2,497	185,760	74.4
ALTEO	Large	12,679	1,081,954	85.3
	Small	5,486	391,729	71.4
OMNICANE	Large	12,165	1,047,985	86.1
	Small	3,651	260,532	71.4
MEDINE	Large	4,143	372,942	90.0
	Small	356	25,090	70.5
TOTAL		49,791	4,044,421	81.2

- **Figure 7** below shows the cane yield of small planters compared to large planters for Crop 2014 for each enlarged factory area.

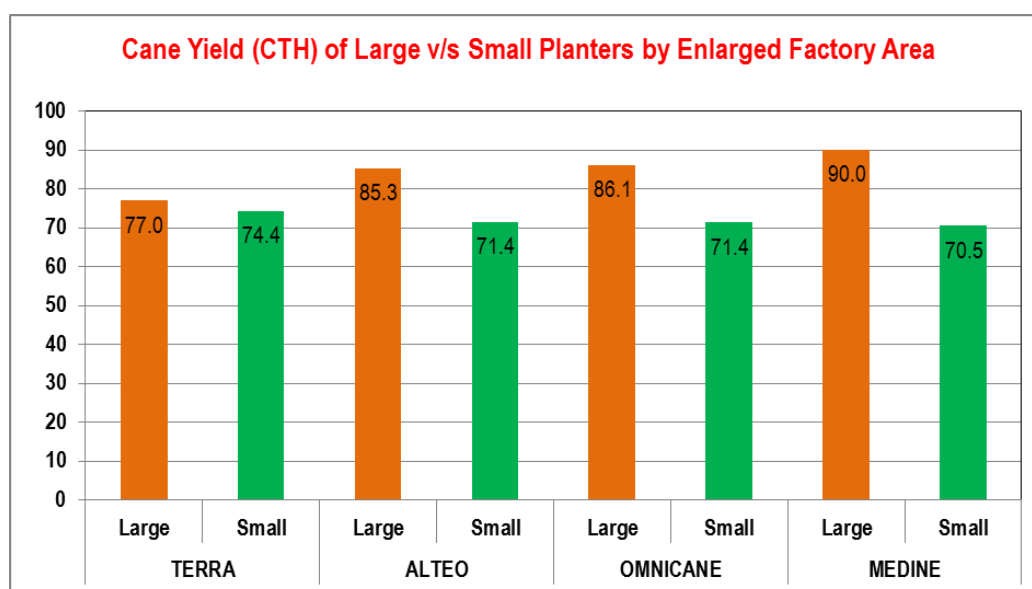


Figure 7

- The highest weighted average cane yield per hectare is with respect to MÉDINE large planters (90.0T/H) and the lowest average cane yield pertains to small planters of MÉDINE (70.5T/H).

2.7.6 Sugar Yield

- The average sugar yield (at planter's share) of large planters exceeded those of small planters in all enlarged factory areas. **Table 10** below shows sugar yield per hectare for small planters and large planters by enlarged factory area.
- The highest weighted average sugar yield (at planters' share) was with respect to MÉDINE large planters (7.53 T/H) and the lowest average sugar yield (at planter's share) was with respect to ALTEO small planters (5.38 T/H).
- The maximum differential between large and small planters was 1.69 T/H, recorded in the enlarged factory area of MÉDINE.

Table 10 – Sugar Yield

ENLARGED FACTORY AREA	Size	Harvest Extent [H]	Sugar Accruing (SA) @ planter's share [T]	SA per Hectare (SAH) @ planter's share
TERRA	Large	8,813	54,206	6.15
	Small	2,497	14,183	5.68
ALTEO	Large	12,679	82,898	6.54
	Small	5,486	29,522	5.38
OMNICANE	Large	12,165	81,620	6.71
	Small	3,651	19,974	5.47
MEDINE	Large	4,143	31,177	7.53
	Small	356	2,079	5.84
TOTAL		49,791	315,659	6.34

- **Figure 8** below shows the sugar yield by enlarged factory area for small and large planters.

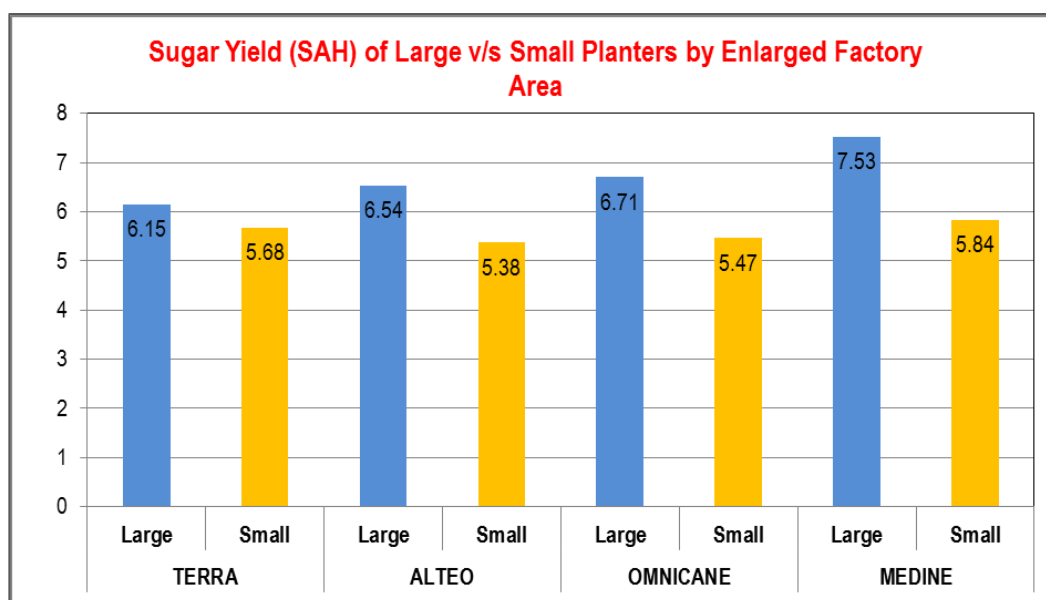


Figure 8

2.7.7 Total Insurable Sugar & Total Sugar Accruing

- **Table 11** below shows the Total Sugar Accruing (TSA) of insureds in each enlarged factory area with their Total Insurable Sugar (TIS) and their respective sugar production percentage.

Table 11 – TIS and TSA

ENLARGED FACTORY AREA	Total Insurable Sugar [T]	Total Sugar Accruing [T]	Production %	Crop Reduction %
TERRA	97,494	87,324	89.6%	10.4%
ALTEO	147,452	143,648	97.4%	2.6%
OMNICANE	134,478	130,487	97.0%	3.0%
MEDINE	45,291	42,688	94.3%	5.7%
ISLAND-WIDE	424,715	404,146	95.2%	4.8%

- **Figure 9** below depicts the TIS against the TSA of insureds in each enlarged factory area. **Figure 10** shows the corresponding sugar production percentage.

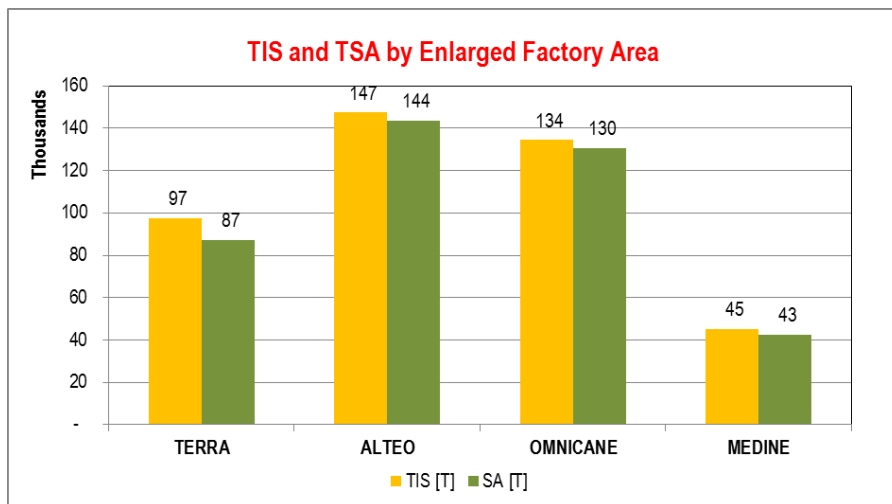


Figure 9

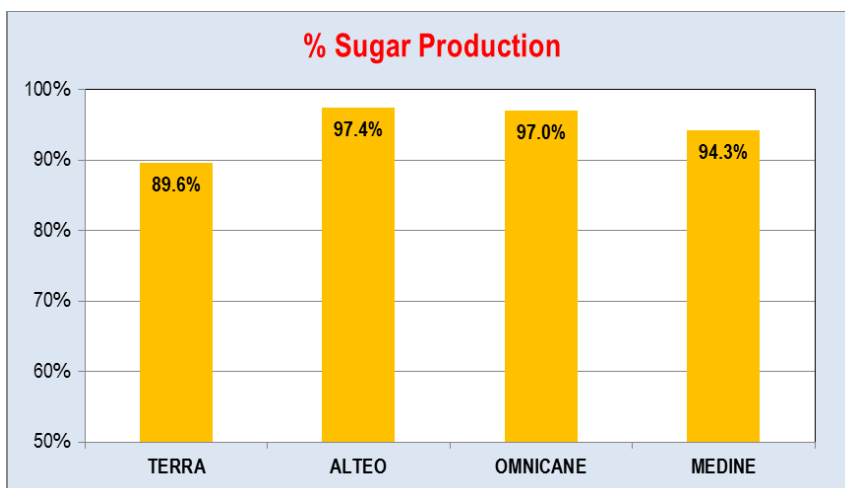


Figure 10

- The highest sugar production percentage was observed in ALTEO enlarged factory area (97.4%) and the lowest sugar production percentage was recorded in TERRA enlarged factory (89.6%).

2.7.8 General Assessment

- The gross General Premium Income (GPI) receivable for the year was Rs 185.24 Million from all insureds. In line with actuarial recommendations, the general insurance premium was waived for all insureds. **Table 12** below shows the Total General Premium Waived for each enlarged factory area as well as total one-off special assistance paid to insureds.
- Under the current insurance terms, the island-wide sugar production being 95.2% for Crop 2014, higher than the prescribed threshold, no “event year” is declarable, hence no compensable loss with the loss ratio being Nil.

Table 12 – General Assessment

ENLARGED FACTORY AREA	General Premium Waived [Rs]	General Compensation [Rs]	One-off Special Assistance
TERRA	46,023,248	-	194,319,854
ALTEO	65,899,838	-	329,541,316
OMNICANE	54,983,114	-	288,577,878
MEDINE	18,326,290	-	88,523,678
TOTAL	185,232,490	-	900,962,726

2.0 FIRE INSURANCE

2.1 Inter-Crop Fire 2014

2.1.1 For Crop 2014, the total number of compensated fire cases caused by inter-crop fire was **167** representing a total extent of **131** hectares of canes was destroyed island-wide. The number of compensable cases is lower compared to Crop 2013 (148 cases) for a total extent of 148 hectares.

2.1.2 Inter-Crop Fire Statistics for compensable cases is reported hereunder:

Table 13 – Inter-Crop 2014 Fire

ENLARGED FACTORY AREA	# Accounts	He Burnt [Ha]	PLANTER SHARE		MILLER SHARE		TOTAL COMPENSATION	
			Premium [Rs]	Compensation [Rs]	Premium [Rs]	Compensation [Rs]	Premium [Rs]	Compensation [Rs]
TERRA	65	21	2,475	669,633	702	188,869	3,177	858,502
ALTEO	47	34	3,481	984,811	983	277,766	4,464	1,262,578
OMNICANE	49	66	7,375	1,991,464	2,079	561,696	9,454	2,553,160
MEDINE	6	10	1,313	357,985	370	100,970	1,683	458,955
TOTAL	167	131	14,644	4,003,893	4,134	1,129,301	18,778	5,133,195

2.1.3 The number of fire cases was more prominent in the North sector of the island (65 cases) followed by the South (49 cases). On the contrary, the highest extent damaged by fire was noted in the South sector of the island with 66 hectares burnt during inter-crop compensable.

2.1.4 Effective Crop 2014, the fire premium rate has been revised from Rs 12.50 to Rs 16.75 per ton of insurable sugar. Fire compensation paid to insureds amounted to **Rs 5.13 M** for Crop 2014, against Rs 6.01 M for Crop 2013.

2.2 Fire during Harvest 2014

2.2.1 The number of fire occurrences during harvest season was observed to be more prominent in the North sector of the island. A total amount of Rs 1,952,334 was disbursed to 84 eligible planters as road transport allowance for milling of burnt canes outside their respective factories.

2.2.2 **Table 14** below shows the amount disbursed as transport allowance for Crop 2014 and the number of cases by sector.

Table 14 – Transport Allowance

ENLARGED FACTORY AREA	Number of Cases	Transport Allowance [Rs]
TERRA	77	1,113,883
OMNICANE	3	266,151
MEDINE	4	572,300
Total	84	1,952,334

2.2.3 The road rates payable by the Board for transport allowance were the same as road transport rates determined by the Control & Arbitration Department of the MCIA as follows:

- (1) Rs 7.34 per ton of canes per kilometer in excess of 6 kilometers with respect to planters supplying up to 100 tons of canes.
- (2) Rs 6.67 per ton of canes per kilometer in excess of 6 kilometers with respect to planters supplying more than 100 tons of canes.

2.3 Fire during Strike

2.3.1 During the period 14th November to 28th November 2014, artisans and workers of 3 out of 4 sugar factories namely TERRA, ALTEO and OMNICANE proceeded on a massive strike.

2.3.2 Press communiqués were issued in advance by ALTEO, TERRA and OMNICANE advising planters that canes would only be accepted at weighbridges till 8th of November 2014 until further notice.

2.3.3 The strike ended on 28th November 2014 and ALTEO, TERRA & OMNICANE resumed their milling operations normally as from 29th November 2014. A summary of fire occurrences that occurred during that period as reported is summarized below:

Table 15 – Fire Occurrences during Strike

CROP HARVEST	No. of Planter Accounts	Burnt Extent [Ha]
2014	51	79.534
2015	26	22.241
TOTAL	77	101.775

2.3.4 The total indemnity paid to eligible planters is **Rs 56,387**, for:

- 2 planters eligible for a transport refund of Rs 18,504 since the burnt canes were transported outside the factory area to Médine factory for milling.
- 4 planters eligible for fire compensation on a total burnt extent of 1.218Ha left standing or cut & laid in fields when no mill was in operation. Their net fire compensation amounts to Rs 37,883.

2.4 Fire Insurance Loss Ratio

The loss ratio under the Fire insurance Account for Crop 2014 was 100.2%, representing an island-wide compensation of Rs 7.142 M against an island-wide premium of Rs 7.128 M.

Table 16 – Fire Account Loss Ratio

Premium (Rs)			Compensation (Rs)			Loss Ratio
Fire Premium (Inter-Crop/ Strike)	Fire Premium (Assessment)	Total Fire Premium	Gross Fire Compensation (Inter-Crop/ Strike)	Transport Allowance (Crop Season/ Strike)	Total Fire Compensation	
18,842	7,109,167	7,128,109	5,171,242	1,970,838	7,142,080	100.2%

2.5 Fire Insurance Account Status as at December 2014

- 2.5.1 Since end of financial year 2013, the Fire Insurance Account is in deficit by Rs 1.9M.
- 2.5.2 The accumulated deficit in the Fire Insurance Account as at end of financial year 2014 stands at Rs 197,298 plus a liability of Rs 2 Million, a loan which was granted from the General Insurance Account earlier in November 2014 at savings rate to meet past crop liabilities.

Table 17 – Fire Insurance Account Status

Opening balance as 1 January 2014	(1,904,484)
Loan from General Insurance Account	2,000,000
Interest on loan at savings rate	(65,000)
Fire Premium Receivable Crop 2014	7,128,109
Inter-Crop Fire compensation 2014	(5,171,242)
Transport allowance 2014	(1,970,838)
Management Fee (3% of fire premium)	(213,843)
Investment income	0
Closing Balance as at 31 December 2014	(197,298)

- 2.5.3 Crop 2014 liabilities under the Fire Insurance Account were partly met by the accumulated funds in the General Insurance Account. Thus, the total amount owed to the General Insurance Account stands as follows:

Table 18

Loan from General Insurance Account	2,000,000
Accumulated Deficit as at 31 December 2014 in Fire Account	197,298
TOTAL LIABILITY TO GENERAL INSURANCE ACCOUNT	2,197,298

3.0 SUMMARY

3.1 GENERAL INSURANCE ACCOUNT

CROP YEAR	CROP 2014	CROP 2013
Total Number of Accounts of Insureds (incl. Millers) ¹	14,925	16,533
Total Harvestable Extent (Ha)	49,791	52,312
Total Cane Weight (T)	4,044,421	3,815,782
Total Sugar Accrued (T)	404,146	408,536
Total Insurable Sugar (T)	424,715	447,550
Sugar Production %	95.2%	91.3%
Crop Reduction %	4.8%	8.7%
General Premium Claimable (Rs.)	185,232,490	265,733,305
General Premium Claimed (Rs.)	Nil	265,733,305
General Compensation Payable (Rs.)	-	-

FINANCIAL ASSISTANCE TO SUGAR INDUSTRY	CROP 2014
One-off Special Assistance	Rs. 900,962,726
General Insurance Premium Waiver	Rs. 185,232,490
TOTAL FINANCIAL ASSISTANCE	Rs. 1,086,195,216

3.2 FIRE INSURANCE ACCOUNT

INTERCROP FIRE	CROP 2014	CROP 2013
Extent Under Cane Destroyed [Ha]	132	148
Accounts compensated	171	148
Net Fire Compensation (Inter-Crop) [Rs]	5,152,400	6,012,774
FIRE DURING HARVEST SEASON		
Accounts compensated	86	35
Transport Allowance [Rs]	1,970,838	1,421,585

Note: The factory areas and enlarged factory areas mentioned in this paper is for practical purposes and do not purport to replace any legal definition.

SIFB

30th September 2015

¹ The total number of accounts of insureds is greater than number of insureds as an insured may have more than 1 account. The total number of insureds (having a sugar accruing for Crop 2014) stands at 14,079.