



## SUGAR INSURANCE FUND BOARD

### INFORMATION PAPER (ASS2016/1/2)

FOR ASSESSMENT COMMITTEE MEETING TO BE HELD ON MONDAY 12<sup>TH</sup> SEPTEMBER 2016 AT 14:30 HOURS

## CROP 2015 SYNOPSIS

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### 1. NEW INSURANCE TERMS

Subsequent to an Actuarial Review in 2014, legislative amendments were brought to the insurance terms by Act No. 9 of 2015 in May 2015 and regulations made by the Minister in July 2015. Effective as from Crop 2015, the new insurance terms applicable are:

#### 1.1 General Insurance Account:

##### A. Basis for “Event Year” declaration

The prescribed area for “Event Year” declaration is an ‘**Enlarged Factory Area**’ (EFA) which 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 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 is **83% per EFA**. This implies at least a 17% loss in sugar production at EFA level to trigger the declaration of an Event Year.

## C. Premium Waiver

For Crop 2015, the general insurance premium has been waived to all categories of insureds by regulations made by the Minister on 3<sup>rd</sup> August 2016, gazetted in GN No. 176 of 2016.

### 1.2 Fire Insurance Account:

- 1.2.1 Sugar sector reforms saw the centralization of milling activities, with 4 factories in operation island-wide.
- 1.2.2 Fire compensation has been extended to cropping season in cases where it is not “*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*”.
- 1.2.3 However, where burnt canes have been harvested and milled at a factory within the EFA, no fire compensation is payable.

### 1.3 Special Financial Assistance:

- 1.3.1 Taking into account the drastic fall in producers’ revenue from the dwindling sugar prices in the world market, the Consulting Actuary recommended the payment of a one-off financial assistance for Crop 2015 equivalent to the difference between the sugar price for that crop year and the benchmark 2013 ex-Syndicate sugar price, limited to Rs2,000 per tonne of sugar accrued, subject to the following conditions being met:
  - (1) The market value of the Fund’s assets does not decline by a proportion of 10% or more due to market movements/conditions; and
  - (2) (a) The full one-off financial assistance is payable to an insured if general compensation paid did not exceed the financial assistance paid to that insured for Crop 2014, and no general compensation is payable to that insured in respect of Crop 2015;
  - (b) Alternatively, the Crop 2015 one-off financial assistance is reduced by both the excess of Crop 2014 general compensation over the Crop 2014 financial assistance and the amount of 2015 general compensation paid to the insured.
- 1.3.2 The conditions spelt out above being satisfied, the Board paid an amount of **Rs 413 Million** as one-off financial assistance in June 2016 in favour of eligible insureds.

## **2. GENERAL INSURANCE**

### **2.1. Climatic Conditions**

- 2.1.1 The vegetative and ripening periods of the 2015 crop were generally characterized by excessive rainfall in all sectors, more particularly in the East and Centre Sectors. Although cane growth has been favoured by abundant rainfall between January and March, it was stifled by drier weather conditions in the following months and a heavy downpour in May.
- 2.1.2 During the Growth Phase, rainfall cumulated over the growth period ranging from October to April was above the long term mean (LTM) and also to the corresponding period in the past three crop years in all five sectors and the island. The distribution in rainfall was such that in all sectors excessive rainfall occurred during the months of December, January and March with slightly below normal rainfall in the other months. As a result, stalk elongation suffered a slow development coupled with late end of 2014 harvest sucrose accumulation. Thus total stalk height recorded at the end of June 2015 at island level was only around 5% below that of last year and the normal.
- 2.1.3 During the whole months of the ripening phase had above normal rainfall except for the month of September and that of July in sectors North and West. The occurrence of above normal rainfall in the ripening phase and above normal maximum and minimum temperatures was not conducive for optimum sucrose accumulation.

### **2.2. Registration of Factories and Plantations**

- 2.2.1 Crop 2015 registration started on 1<sup>st</sup> May 2015 to end on 30<sup>th</sup> May 2015. Since the implementation of 5-year staggered registration as from Crop 2012, planters with registration validity of 3-years turned up for renewal of their registration cards for the next 5 years. The practice of yearly renewal of registration remains unchanged for large planters and sugar estates.
- 2.2.2 On the other hand, 13,204 small planters (whose cane plantations within a factory area is not more than 10 Ha) holding valid registration cards for 4 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. 5,220 forms were returned (40%) for which 5,156 declared no changes to their basic registered data.
- 2.2.3 A total of 5,592 accounts of planters were registered for the crop year, inclusive of late registrations and re-registrations for changes in basic data.
- 2.2.4 With the centralization of milling activities, the only 4 sugar factories in operation island-wide are:
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.

### 2.3. Crop Harvest & Milling Operations

- 2.3.1 Milling operations for Crop 2015 first started at ALTEO factory on the 27<sup>th</sup> May 2015 and ended with Médine on 12<sup>th</sup> February 2016.
- 2.3.2 The extension of harvest beyond end-December 2015 at Médine factory was mainly due to the delay encountered in the start of crop harvest in Médine factory area following the construction of a new power generator and frequent breakdowns/ trouble shooting of the power plant throughout the milling period.
- 2.3.3 The start and last dates of milling at each sugar factory in operation is:

Table 1 – Crop 2015 Harvest Schedule

FACTORY	Start Date of Milling	Last Date of Milling
TERRA	6 <sup>th</sup> July 2015	24 <sup>th</sup> December 2015
ALTEO	27 <sup>th</sup> May 2015	28 <sup>th</sup> December 2015
OMNICANE	2 <sup>nd</sup> June 2015	12 <sup>th</sup> December 2015
MÉDINE	19 <sup>th</sup> August 2015	6 <sup>th</sup> February 2016

- 2.3.4 However, upon cessation of all factory operations island-wide, Crop 2015 harvest remained incomplete for Médine EFA due to the mechanical problems at its factory. Some 128 Ha representing 12,290 tonnes of canes were reported as carry over for 2016 crop harvest.
- 2.3.5 As provided under section 22 of the Act, **the area unharvested during 2015 crop season for Médine EFA was not accounted for insurance purposes.**

### 2.4. Sugar Production

- 2.4.1 Total caneweight sent to mills for sugar production was **4.009 Million** tonnes resulting in a total sugar accruing of **369,531 tonnes** island-wide. Total sugar production was **83.5%** of the Total Insurable Sugar of **442,394 tonnes**.
- 2.4.2 The mean extraction rate at planter's share per ton of cane produced at the level of each EFA is shown below.

Table 2 – Extraction Rate at Planter's Share (78%)

ENLARGED FACTORY AREA	Total Cane Weight [T]	Sugar Accrued @ Planter's Share [T]	Mean Extraction Rate @78% [Kg Sugar/Ton Cane]
TERRA	888,253	67,446	75.93
ALTEO	1,482,785	102,836	69.35
OMNICANE	1,214,789	86,716	71.38
MEDINE	423,406	31,566	74.55
<b>ISLAND-WIDE</b>	<b>4,009,232</b>	<b>288,565</b>	<b>71.98</b>

- 2.4.3 The highest extraction rate at planter's share was observed for TERRA at 75.93 kg of sugar per metric ton of cane crushed.
- 2.4.4 The lowest extraction rates were recorded for Alteo EFA and Omnicane EFA at 69.35 kg and 71.38 kg of sugar respectively per metric ton of cane crushed.

## 2.5. Declaration of Event Year

2.5.1 Section 25 (1) of the Sugar Insurance Fund Act provides that:-

*“(1) Where, in any crop year, the total sugar accrued for a prescribed area is not more than the prescribed percentage of the total insurable sugar for the prescribed area on account of the occurrence of all or any of the following events –*

- (a) cyclone;*
- (b) drought; or*
- (c) excessive rainfall,*

*the Board may, not later than 28 February following that crop year, declare that crop year to be an event year on account of all or any of those events.”*

2.5.2 For the purpose of section 25(1) of the Act, regulations made by the Minister effective as from Crop Year 2015, as gazetted in General Notice No. 143 of 2015, provide that:

- “(a) the area prescribed for computing the total sugar accrued shall be any enlarged factory area; and*
- (b) the prescribed percentage of the total insurable sugar shall be 83 per cent.”*

2.4.1 For Crop Year 2015, the sugar production and crop reduction percentages for each Enlarged Factory Area (EFA) were determined as follows:

**Table 3 – Crop Reduction**

<b>ENLARGED FACTORY AREA</b>	<b>Total Insurable Sugar [T]</b>	<b>Total Sugar Accrued [T]</b>	<b>Sugar Production %</b>	<b>Crop Reduction %</b>
TERRA	97,558	86,680	88.9%	11.1%
ALTEO	162,607	131,872	81.1%	18.9%
OMNICANE	136,866	111,113	81.2%	18.8%
MEDINE	45,363	39,866	87.9%	12.1%
<b>ISLAND-WIDE</b>	<b>442,394</b>	<b>369,531</b>	<b>83.5%</b>	<b>16.5%</b>

2.4.2 The sugar production percentages for Alteo and Omnicane EFAs being less than the prescribed threshold of **83%** of their respective Total Insurable Sugars, the Board on 26<sup>th</sup> February 2016 resolved to declare an 'Event Year' for Crop Year 2015 for the EFAs of **Alteo** and **Omnicane** on account of **Excessive Rainfall**.

## 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 2015 was determined at the rate of **Rs. 13,735** per metric ton of sugar for planters, inclusive of the added value of molasses.
- 2.6.2 The sugar price for insurance purposes for milling side was determined at **Rs. 13,000** per metric ton of sugar.
- 2.6.3 The Crop 2015 rates of sugar prices for insurance were published under Government Notice No. 2443 of 2015 in the Government Gazette.

## 2.7. GENERAL INSURANCE STATISTICS

### 2.7.1 NUMBER OF INSURED ACCOUNTS

- The total number of accounts of planters consigning canes for Crop 2015 is **14,571** compared to **14,921** accounts for Crop 2014.
- The trend in the number of insureds (planters/ métayers and millers) having a sugar accruing since 2005 is depicted at **Figure 1** below:

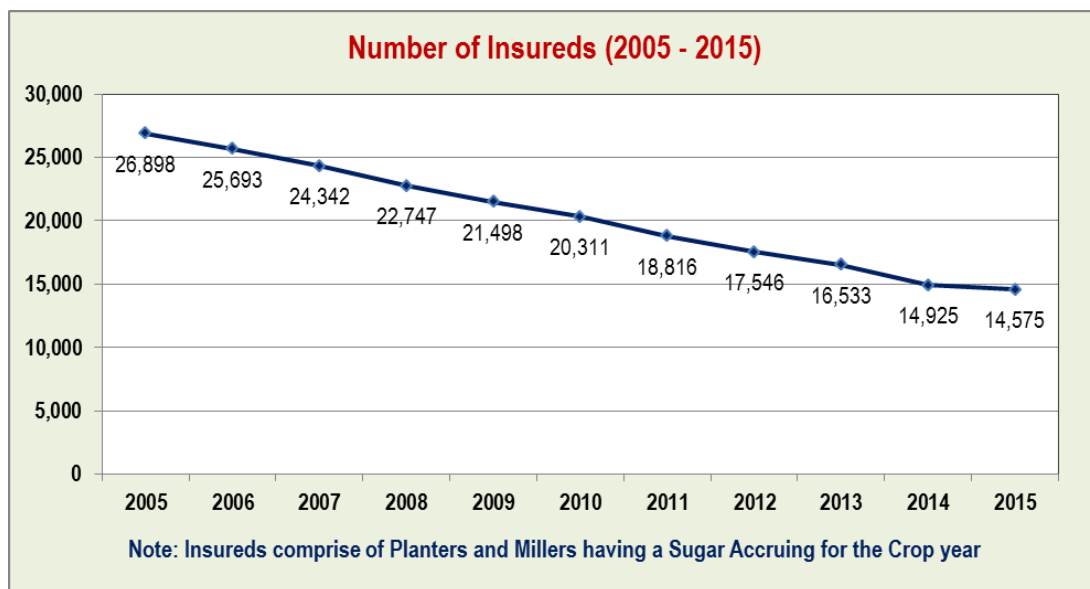


Figure 1

## 2.7.2 TREND IN EXTENT UNDER CANE

- The total area under cane plantations (plant, virgin and ratoon canes) stood at **57,424** Ha for Crop 2015. Crop 2015 witnessed an effective drop in extent under cane by **881** hectares of cane land from last crop year as shown hereunder:

Table 4 – Difference in Extent under Cane (2014 – 2015)

PLANTER TYPE	CROP 2014	CROP 2015	Difference
Small Planters	14,917	14,795	(122)
Large Planters	5,872	5,307	(565)
Sugar Estates	37,516	37,322	(194)
<b>TOTAL</b>	<b>58,305</b>	<b>57,424</b>	<b>(881)</b>

- The evolution of Area under Cane from Crop 2005 to 2015 is depicted hereunder:

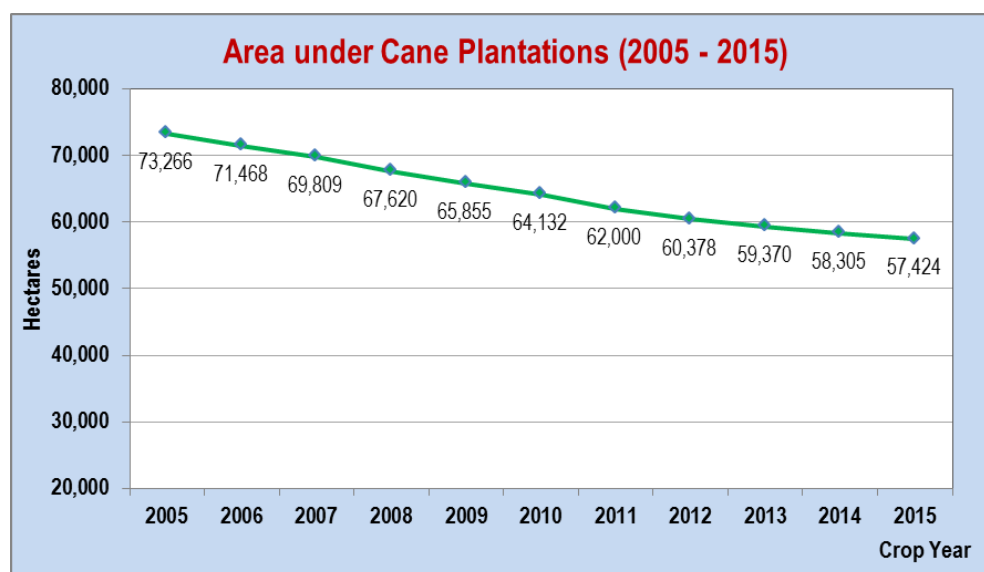


Figure 2

## 2.7.3 HARVEST EXTENT AND CANE YIELD

- Thus, the total area harvested for Crop 2015 for milling purposes stood at **51,694** Ha compared to 49,791 Ha for Crop 2014. The total tonnage of canes harvested island-wide for milling by planters is **4,009,232** tonnes.
- **This rise in harvest extent for Crop 2015 is the result of 1,424 ha of Crop 2014 unharvested canes that were carried over for harvest during this crop season.**
- **Table 5** shows the harvest extent, cane weight and cane yield for each enlarged factory area.

Table 5 – Harvest Extent and Cane Yield

Enlarged Factory Area	Harvest Extent (Ha)	Cane Weight (T)	Cane Yield [T/Ha]
TERRA	11,494	888,253	77.28
ALTEO	19,845	1,482,785	74.72
OMNICANE	15,883	1,214,789	76.48
MÉDINE	4,472	423,406	94.68
<b>TOTAL</b>	<b>51,694</b>	<b>4,009,232</b>	<b>77.56</b>

- The highest harvest extent is seen in ALTEO enlarged factory with 19,845 hectares under cane harvested for milling whilst MÉDINE factory area had the lowest (4,472 Ha). The highest cane yield per hectare recorded at enlarged factory level is 94.68 T/Ha for MÉDINE, whilst ALTEO had the lowest cane yield.
- **Figure 3** below depicts the trend in harvest extent since Crop 2005.

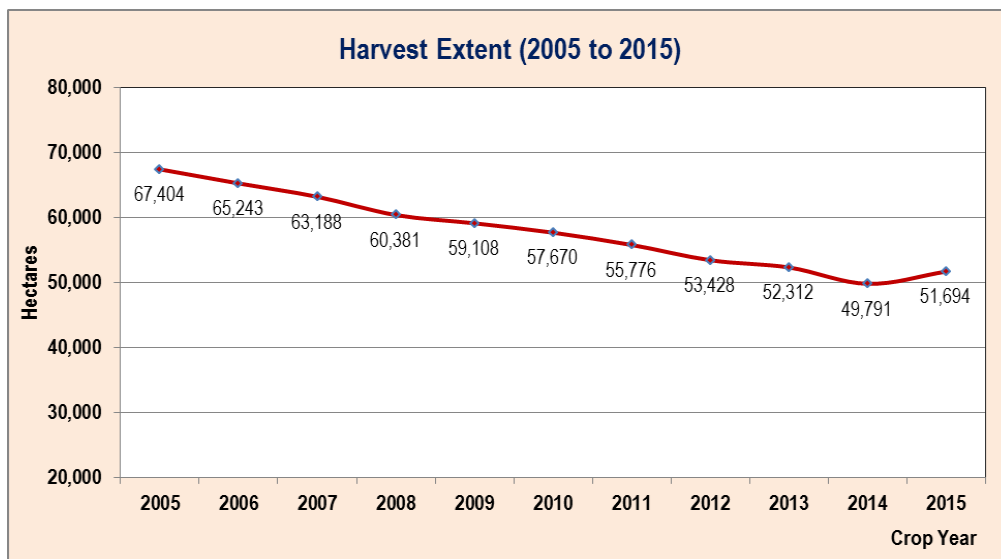


Figure 3

Note: The harvest extent for Crop 2015 includes a total area of 1,424 Ha unharvested for Crop 2014.

#### 2.7.4 CATEGORY OF PLANTERS

- **Table 6** 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, 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 a factory area.



Table 6 – Planter Category

ENLARGED FACTORY AREA	SMALL PLANTERS		LARGE PLANTERS		TOTAL PLANTERS
	No. of Accounts (up to 10 Ha)	% of Total Accounts Island-wide	No. of Accounts (more than 10 Ha)	% of Total Accounts Island-wide	
TERRA	3,303	22.7%	20	0.1%	3,323
ALTEO	6,732	46.2%	35	0.2%	6,767
OMNICANE	4,134	28.4%	35	0.2%	4,169
MEDINE	298	2.0%	14	0.1%	312
<b>TOTAL</b>	<b>14,467</b>	<b>99.3%</b>	<b>104</b>	<b>0.7%</b>	<b>14,571</b>

- Over an aggregate of 14,571 planters, 14,467 of them cultivate up to 10 hectares of sugar cane and 104 planters cultivate more than 10 hectares of land.
- On overall, the highest quantum of planters for Crop 2015 recorded by enlarged factory area is in ALTEO with 6,767 planters and the lowest in MÉDINE (312 planters).

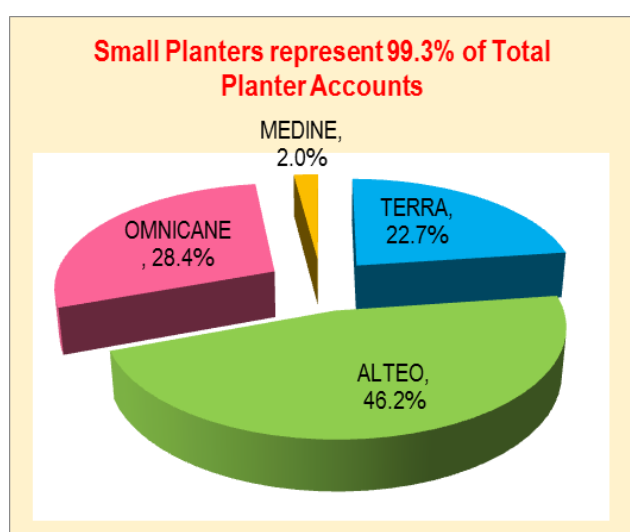


Figure 4

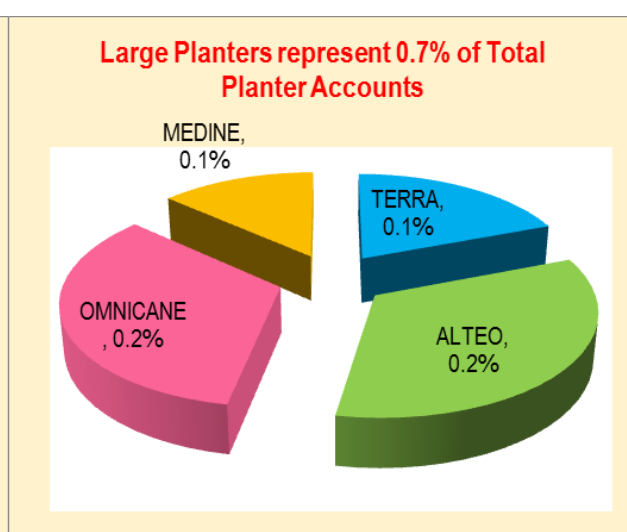


Figure 5

- **Table 7** below shows the breakdown of Harvest Extent between small and large planters by enlarged factory area which is also depicted at Figure 6.

Table 7 – Breakdown of Harvest Extent by Small & Large Planters

ENLARGED FACTORY AREA	SMALL PLANTERS		LARGE PLANTERS		Total Harvest Extent [Ha.]	% of Island HE
	Harvest Extent (up to 10 Ha)	% of Island HE	Harvest Extent (more than 10 Ha)	% of Island HE		
TERRA	2,532	5%	8,962	17%	11,494	22%
ALTEO	5,969	12%	13,875	27%	19,845	38%
OMNICANE	3,375	7%	12,508	24%	15,883	31%
MEDINE	384	1%	4,088	8%	4,472	9%
<b>TOTAL</b>	<b>12,261</b>	<b>24%</b>	<b>39,433</b>	<b>76%</b>	<b>51,694</b>	<b>100%</b>

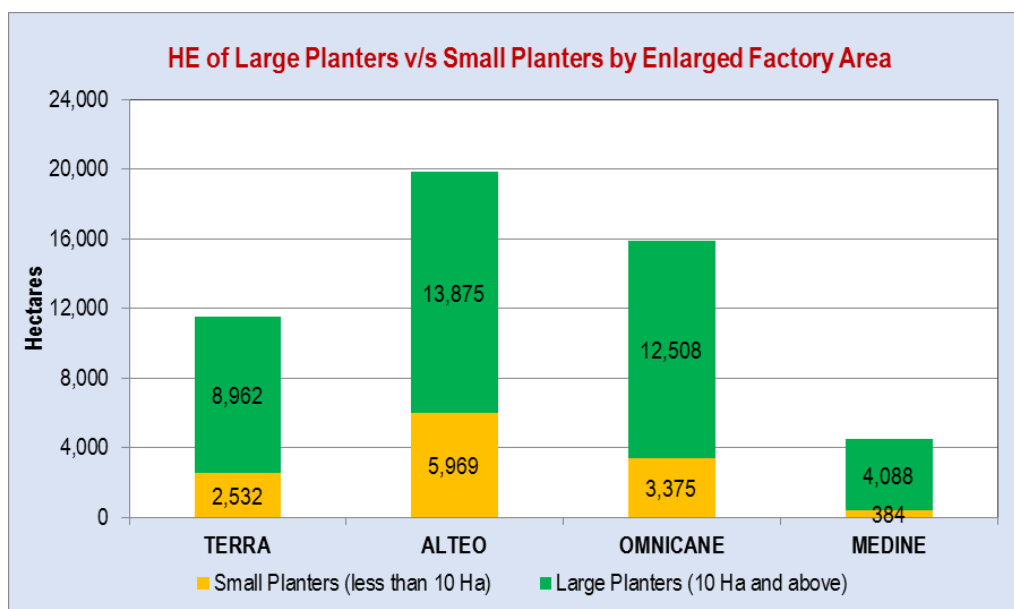


Figure 6

### 2.7.5 CANE YIELD BY PLANTER TYPE

- The mean cane yield per hectare by planter type in respect of each enlarged factory area for Crop 2015 is shown at **Table 8** below.

Table 8 – Cane Yield

ENLARGED FACTORY AREA	Planter Type	Harvest Extent [Ha]	Cane Weight [T]	Tonnes of Cane per Hectare (CTH)
TERRA	Small	2,532	190,534	75.2
	Large	8,962	697,719	77.8
ALTEO	Small	5,969	382,090	64.0
	Large	13,875	1,100,695	79.3
OMNICANE	Small	3,375	217,612	64.5
	Large	12,508	997,177	79.7
MEDINE	Small	384	26,677	69.4
	Large	4,088	396,728	97.1
<b>TOTAL</b>		<b>51,694</b>	<b>4,009,232</b>	<b>77.6</b>

- **Figure 7** below shows the cane yield of small planters compared to large planters for Crop 2015 for each enlarged factory area.

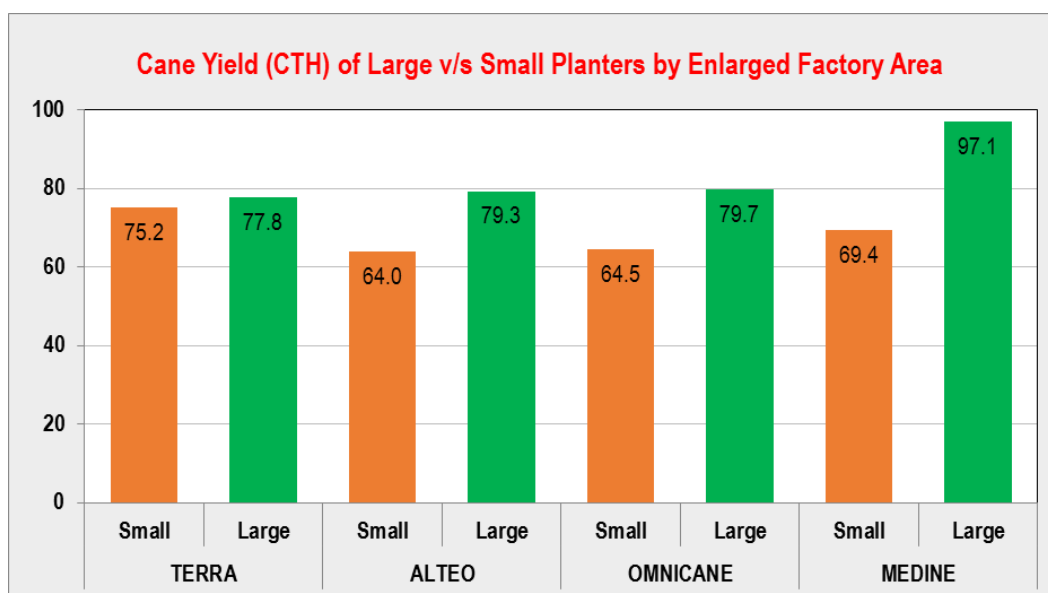


Figure 7

- The highest mean cane yield per hectare pertains to MÉDINE large planters (97.1T/Ha) and the lowest average cane yield is in respect to small planters of ALTEO (64.0T/Ha).

## 2.7.6 SUGAR YIELD BY PLANTER TYPE

- The average sugar yield (at planter's share) of large planters exceeded those of small planters in all enlarged factory areas. **Table 9** below shows sugar yield per hectare for small planters and large planters by enlarged factory area.

Table 9 – Sugar Yield

ENLARGED FACTORY AREA	Planter Type	Harvest Extent [H]	Sugar Accruing (SA) @ planter's share [T]	SA per Hectare (SAH) @ planter's share
TERRA	Small	2,532	14,364	5.67
	Large	8,962	53,082	5.92
ALTEO	Small	5,969	26,209	4.39
	Large	13,875	76,628	5.52
OMNICANE	Small	3,375	15,210	4.51
	Large	12,508	71,506	5.72
MEDINE	Small	384	1,957	5.09
	Large	4,088	29,610	7.24
<b>TOTAL</b>		<b>51,694</b>	<b>288,565</b>	<b>5.58</b>

- The highest average sugar yield (at planters' share) was with respect to MÉDINE large planters (7.24 T/Ha) and the lowest average sugar yield (at planter's share) was with respect to ALTEO small planters (4.39 T/Ha).

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

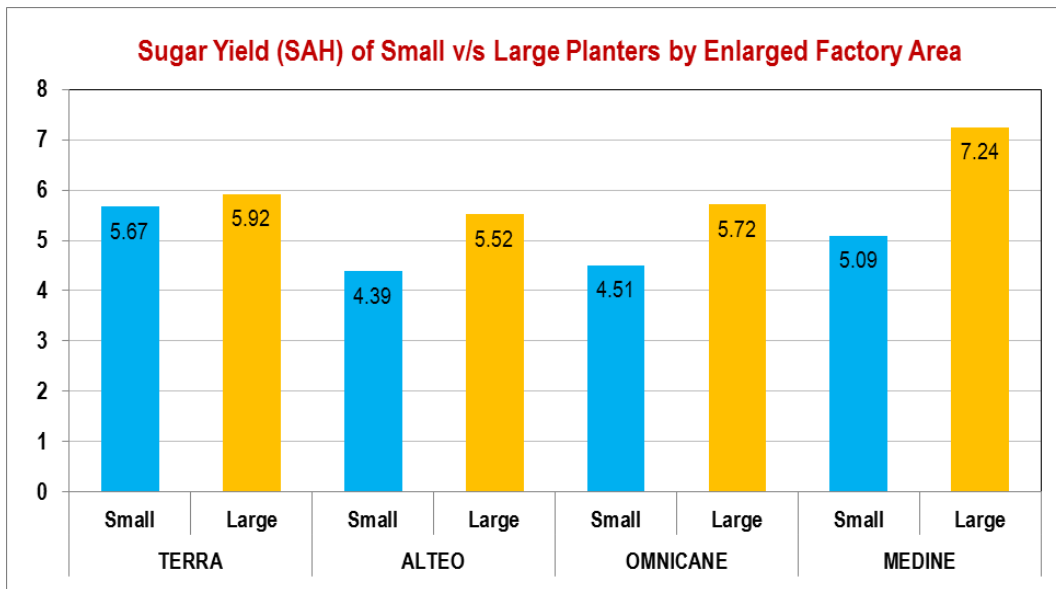


Figure 8

- The maximum differential between large and small planters was 2.15 T/Ha, recorded in the enlarged factory area of MÉDINE.
- Whilst Crop 2014 recorded the highest sugar yield since 2005, Crop 2015 registered the 2<sup>nd</sup> lowest sugar yield after Crop 2007 (declared Event Year on account of Cyclone, Drought & Excessive Rainfall). This is depicted at **Figure 9** below:

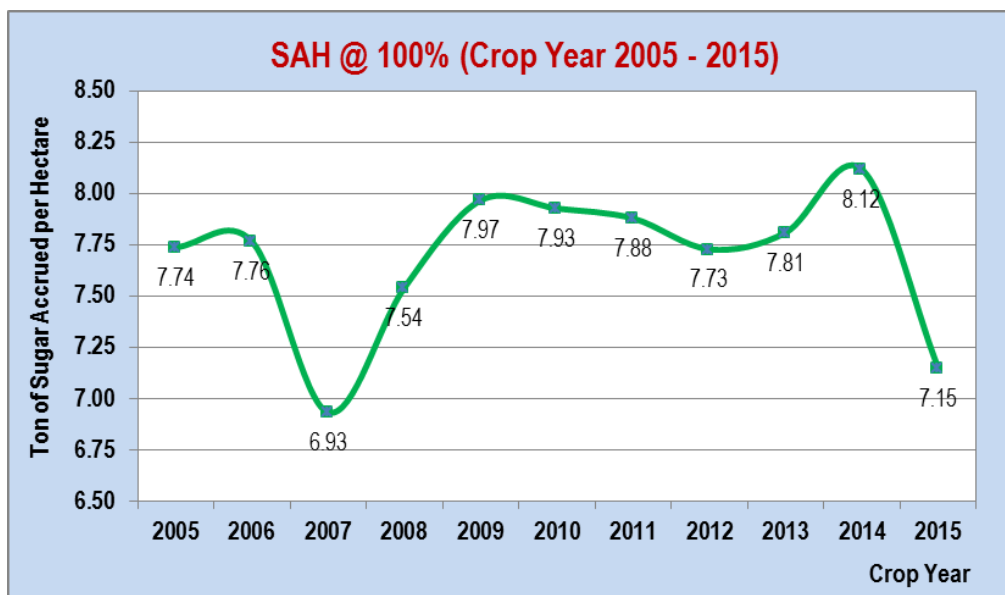


Figure 9

## 2.7.7 TOTAL INSURABLE SUGAR & TOTAL SUGAR ACCRUING

- **Table 10** below shows the Total Sugar Accruing (TSA) of all insureds in each enlarged factory area with their Total Insurable Sugar (TIS) and their respective sugar production percentage.

Table 10 – TIS and TSA

ENLARGED FACTORY AREA	Total Insurable Sugar [T]	Total Sugar Accruing [T]	Production %	Crop Loss %	EVENT DECLARED
TERRA	97,558	86,680	88.9%	11.1%	No Event
ALTEO	162,607	131,872	81.1%	18.9%	Excessive Rainfall
OMNICANE	136,866	111,113	81.2%	18.8%	Excessive Rainfall
MEDINE	45,363	39,866	87.9%	12.1%	No Event
<b>ISLAND-WIDE</b>	<b>442,394</b>	<b>369,531</b>	<b>83.5%</b>	<b>16.5%</b>	

- The crop reduction percentages for Alteo and Omnicane EFAs being greater than the statutory threshold of **17%**, the Board resolved to declare an 'Event Year' for Crop Year 2015 for the EFAs of ALTEO and OMNICANE on account of **Excessive Rainfall**.
- **Figure 10** below depicts the TIS against the TSA of insureds in each enlarged factory area. **Figure 11** shows the corresponding sugar production percentage.

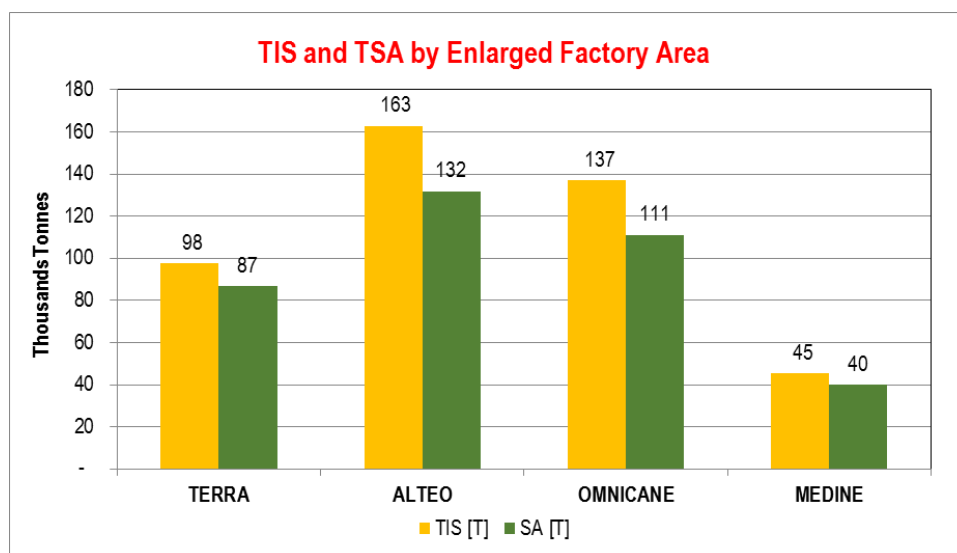


Figure 10

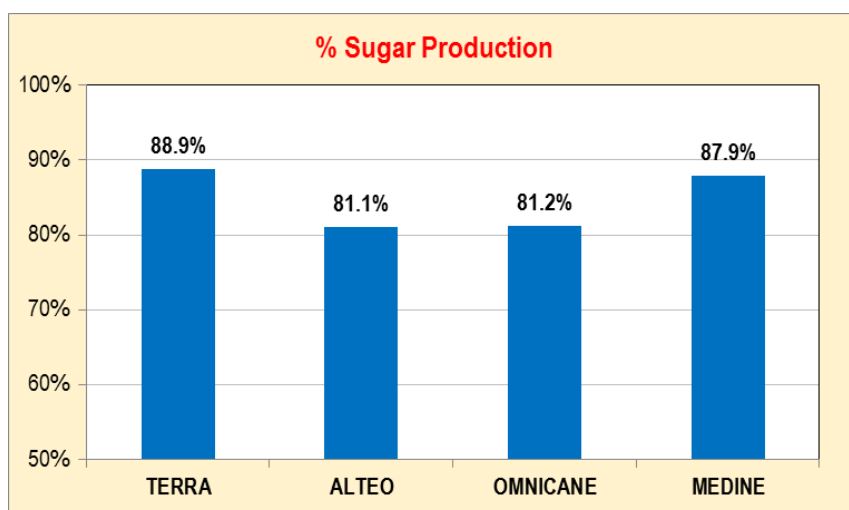


Figure 11

- The highest sugar production percentage was observed in TERRA enlarged factory area (88.9%) and the lowest sugar production percentage was recorded in ALTEO enlarged factory (81.1%).

## 2.7.8 GENERAL ASSESSMENT

- The gross General Premium Income (GPI) receivable for the year was Rs 200.57 Million from all insureds.
- The total general compensation payable to all insureds amounted to some Rs 406.9 M. As such, the Fund registered an overall loss ratio of 203% (defined as the ratio of General Compensation to General Premium).
- **Table 11** below shows the Total General Premium Receivable, the Total General Compensation payable and the loss ratio for each enlarged factory area.

Table 11 – General Assessment

ENLARGED FACTORY AREA	General Premium Receivable [Rs]	General Compensation Payable [Rs]	Loss Ratio %
TERRA	47,942,714	-	0%
ALTEO	75,631,878	206,972,007	274%
OMNICANE	57,934,103	199,932,834	345%
MEDINE	19,063,750	-	0%
<b>TOTAL</b>	<b>200,572,445</b>	<b>406,904,841</b>	<b>203%</b>

## 2.7.9 ONE-OFF FINANCIAL ASSISTANCE

- The financial plight of sugar producers, due to drastic fall in world market sugar price (below the viability price) lingered for Crop 2015.
- Notwithstanding the objects of the Fund, the SIFB disbursed a one-off financial assistance for the second consecutive year of Rs 2,000 per metric ton of sugar accrued to all eligible insureds, however reduced by the amount of general compensation paid for Crop 2015.
- Furthermore, the general insurance premium was waived for all categories of insureds. **Table 12** below shows the total cash injection to the Sugar Industry in the form of financial assistance and general premium waiver.

Table 12 – Total Special Assistance

ENLARGED FACTORY AREA	General Premium Waived [Rs]	One-off Financial Assistance [Rs]	TOTAL SPECIAL ASSISTANCE [Rs]
TERRA	47,942,714	173,210,184	221,152,898
ALTEO	75,631,878	97,624,948	173,256,826
OMNICANE	57,934,103	62,804,911	120,739,014
MEDINE	19,063,750	79,732,052	98,795,802
<b>TOTAL</b>	<b>200,572,445</b>	<b>413,372,095</b>	<b>613,944,540</b>

- **Thus, inclusive of general compensation, the SIFB effectively disbursed an aggregate amount of Rs 1.021 Billion in favour of all its insureds for Crop Year 2015.**

### 3. FIRE INSURANCE

#### 3.1 Inter-Crop Fire 2015

3.1.1 For Crop 2015, the total number of compensated fire cases caused by inter-crop fire was **120** representing a total extent of **130** hectares of canes was destroyed island-wide. Inter-Crop Fire Statistics for compensable cases is reported hereunder:

Table 13 – Inter-Crop 2015 Fire

ENLARGED FACTORY AREA	# Eligible Insureds	He Burnt [Ha]	Fire Premium [Rs]	Fire Compensation [Rs]	Net Fire Compensation Paid [Rs]
TERRA	45	44.481	6,243	1,723,472	1,717,229
ALTEO	34	46.849	6,613	1,793,114	1,786,501
OMNICANE	36	35.548	5,159	1,438,789	1,433,630
MEDINE	5	2.869	447	132,711	132,264
<b>TOTAL</b>	<b>120</b>	<b>129.747</b>	<b>18,462</b>	<b>5,088,086</b>	<b>5,069,624</b>

3.1.2 The number of compensable fire cases was more prominent in the North sector of the island (45 cases) followed by the South (36 cases).

3.1.3 Inter-crop Fire compensation paid to insureds amounted to **Rs 5.07 M** for Crop 2015, against Rs 5.13 M for Crop 2014.

#### 3.2 Fire during Harvest 2015

3.2.1 The number of fire occurrences during harvest season was observed to be highly prominent in the North sector of the island. A total amount of **Rs 2.13 M** was disbursed to 57 eligible insureds as fire compensation on grounds of economic non-viability for harvest and road transport allowance for milling of burnt canes outside their respective factories.

3.2.2 **Table 14** below shows the amount disbursed as fire compensation/ transport allowance for Crop 2015 and the number of cases by sector.

Table 14 – Fire during Harvest Season

ENLARGED FACTORY AREA	Number of Compensable Cases	Fire Compensation Paid [Rs]
TERRA	44	550,984
ALTEO	-	
OMNICANE	-	
MEDINE	13	1,581,416
<b>TOTAL</b>	<b>57</b>	<b>2,132,400</b>

3.2.3 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 7.54 per ton of canes per kilometer in excess of 6 kilometers with respect to planters supplying up to 100 tons of canes.
- (2) Rs 6.85 per ton of canes per kilometer in excess of 6 kilometers with respect to planters supplying more than 100 tons of canes.

### 3.3 Fire Insurance Loss Ratio

The loss ratio under the Fire insurance Account for Crop 2015 was 97%, representing an island-wide compensation of Rs 7.221 M against an island-wide premium of Rs 7.432 M.

Table 15 – Fire Account Loss Ratio – Crop 2015

PREMIUM (Rs)			COMPENSATION (Rs)			LOSS RATIO
Fire Premium (Inter-Crop/Harvest)	Fire Premium (Assessment)	Total Fire Premium	Gross Fire Compensation (Inter-Crop/Harvest)	Transport Allowance (Harvest Season)	Total Fire Compensation	
18,857	7,412,863	7,431,720	5,197,104	2,023,777	7,220,881	97%

### 3.4 Fire Insurance Account Status as at December 2015

- 3.4.1 Crop 2015 liabilities under the Fire Insurance Account were sufficient to be met by the funds receivable as fire premium.
- 3.4.2 Nonetheless, the accumulated deficit in the Fire Insurance Account as at end of financial year 2015 stands at Rs 274,411. This is inclusive of a loan of Rs 2 Million, which was granted from the General Insurance Account in financial year 2014 at savings rate to meet past crop liabilities.
- 3.4.3 The Fire Account status is outlined hereunder:

Table 16 – Fire Insurance Account Status – Crop 2015

<b>Opening balance as 1 January 2015</b>	<b>(197,298)</b>
Interest on loan (Crop 2014)	(65,000)
Fire Premium Receivable	7,431,720
Gross Fire Compensation Payable	(5,197,104)
Transport Allowance Payable	(2,023,777)
Management Fee (3% of Fire Premium)	(222,952)
Investment Income	0
<b>Closing Balance as at 31 December 2015</b>	<b>(274,411)</b>

## 4. SUMMARY

### 4.1 GENERAL INSURANCE ACCOUNT

CROP YEAR	CROP 2015	CROP 2014
Number of Insureds' Accounts (incl. Millers) <sup>1</sup>	14,575	14,925
Total Harvestable Extent (Ha)	51,694	49,791
Total Cane Weight (T)	4,009,232	4,044,421
Total Sugar Accrued (T)	369,531	404,146
Total Insurable Sugar (T)	442,394	424,715
Sugar Production %	83.5%	95.2%
Crop Reduction %	16.5%	4.8%
General Premium Claimable (Rs.)	200,572,445	185,232,490
General Premium Claimed (Rs.)	Nil	Nil
General Compensation Payable (Rs.)	406,904,841	-

SPECIAL FINANCIAL ASSISTANCE TO SUGAR INDUSTRY	CROP 2015	CROP 2014
One-off Financial Assistance	Rs. 413,372,095	Rs. 900,962,726
General Insurance Premium Waiver	Rs. 200,572,445	Rs. 185,232,490
<b>TOTAL SPECIAL ASSISTANCE</b>	<b>Rs. 613,944,540</b>	<b>Rs. 1,086,195,216</b>

### 4.2 FIRE INSURANCE ACCOUNT

INTERCROP FIRE*	CROP 2015	CROP 2014
Extent Under Cane Destroyed [Ha]	130	132
Accounts compensated	120	171
Net Fire Compensation [Rs]	5,069,624	5,152,400
FIRE DURING HARVEST SEASON*		
Accounts compensated	57	86
Net Fire Compensation/ Transport [Rs]	2,132,400	1,970,838

\* Compensable Cases only

**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

25 August 2016

<sup>1</sup> The total number of insureds' accounts is greater than number of insureds as an insured may have more than 1 account.