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சனாதிபதி அலுவலகம்
PRESIDENTIAL SECRETARIAT



My No : PS/FSP/08/01/2025

Date : 10.12.2025

Secretary

Ministry of Agriculture, Livestock, Land and Irrigation

Securing Sri Lanka's Agricultural Future: Comprehensive Insurance Models for Sustainable Growth in Tea, Rubber, Coconut, Oil Palm, Forestry and Cinnamon

A proposal submitted by Mr. Dammika Kobbekaduwa, Director, Sustainable Solutions for Perennial Prosperity, concerning the comprehensive insurance models for sustainable growth in Plantation Sector.

02. You are kindly requested to review his proposals and provide your observations and recommendations on the feasibility of implementing them within the purview of your Ministry to Mr. Dammika Kobbekaduwa with a copy to me.

03. Your cooperation in this regard is highly appreciated.

M. A. G. Thushari

Director (Food Security and Policy)

For Secretary to the President

Telephone No: 011 2354354 / Ext: 4618

E-mail: fsp@presidentsoffice.lk

Copy: Mr. Dammika Kobbekaduwa, Director, Sustainable Solutions for Perennial Prosperity



Outlook

Fw: AGRO INSURANCE

From Presidential Secretariat <ps@presidentsoffice.lk>**Date** Mon 11/3/2025 10:04 AM**To** Secretary to The President <prsec@presidentsoffice.lk>

1 attachment (134 KB)

AGRO INSURANCE.pdf;

From: Dammike Kobbekaduwe <dmkobs9@gmail.com>**Sent:** Sunday, November 2, 2025 5:34 PM**To:** secretary@jvpsrilanka.com <secretary@jvpsrilanka.com>; Presidential Secretariat <ps@presidentsoffice.lk>; garusinghe.pl@mo.treasury.gov.lk <garusinghe.pl@mo.treasury.gov.lk>; st@mo.treasury.gov.lk <st@mo.treasury.gov.lk>; Secretary to The President <prsec@presidentsoffice.lk>; secretary@plantation.gov.lk <secretary@plantation.gov.lk>; trasikaprasad@gmail.com <trasikaprasad@gmail.com>; prabath chandrakeerthi <prabath22003@yahoo.com>**Subject:** AGRO INSURANCE

The Secratsry - Treasury

Dear Dr

The country is info right direction. I have written to the DG insurance Regulator on this proposal.

Will it be possible to take some action during the budget discussions.

Regards

Dammike

Securing Sri Lanka's Agricultural Future: Comprehensive Insurance Models for Sustainable Growth in Tea, Rubber, Coconut, Oil Palm, Forestry, and Cinnamon.



By: Dammi Kobbekaduwa

Vivonta, led by Dammi, was established to handle all value chain needs for plantation agriculture, crucial for gaining a competitive edge in the global market

Executive Summary

Agriculture is the backbone of Sri Lanka's economy, especially with key crops like tea, rubber, coconut, oil palm, cinnamon, and forestry contributing to both domestic sustenance and export revenue. However, these sectors face growing threats from climate change, natural disasters, and market volatility. A well-structured agricultural insurance system, adapted from successful global models, is critical to ensure financial stability and long-term sustainability. This article discusses how comprehensive agricultural insurance schemes covering both annual and perennial crops can shield Sri Lankan farmers and agribusinesses from risks while promoting sustainable growth. It also outlines a 5-point action plan to adopt and implement agricultural insurance effectively, which will foster resilience and competitiveness in global markets.

The Current State of Sri Lanka's Agriculture

Sri Lanka's agricultural sector faces immense challenges, from unpredictable weather patterns and pest infestations to fluctuating market conditions. Annual crops like paddy are especially vulnerable, while perennial crops such as tea, rubber, coconut, and cinnamon—cornerstones of Sri Lanka's export economy—are at risk from long-term environmental changes like drought and deforestation.

Oil palm and forestry, emerging contributors to economic growth, also face similar uncertainties. The lack of comprehensive, transparent insurance schemes exacerbates the risk faced by smallholder farmers and larger agribusinesses alike. While agriculture contributes significantly to Sri Lanka's GDP, crop and plantation farmers are still exposed to high risks without proper financial protection mechanisms in place.

Most of the country's 29 insurance companies, except one, fail to display a reliable Net Promoter Score (NPS), misleading customers and eroding confidence in the insurance market.

The Need for Agricultural Insurance in Sri Lanka

Agricultural insurance is not just about mitigating financial risks; it is also about fostering resilience in the face of increasing global threats like climate change. Adopting insurance schemes suited to the local context can, provide farmers with financial protection against crop failures caused by natural disasters. - Stabilize farm incomes, ensuring sustainability and consistent contributions to the national economy.

Encourage investment in advanced agricultural techniques, enhancing productivity and export competitiveness. - Promote environmental conservation through sustainable practices in crop management.

Successful Agricultural Insurance Models in Tropical Countries Sri Lanka can draw inspiration from various agricultural insurance systems in tropical countries. For example, India's *Pradhan Mantri Fasal Bima Yojana* (PMFBY) offers crop insurance across multiple stages, protecting against both pre-sowing and post-harvest risks.

The *Philippine Crop Insurance Corporation (PCIC)* covers a wide range of crops and livestock, with heavy government subsidies, making insurance accessible to smallholders. Kenya's *Index-Based Livestock Insurance (IBLI)* system triggers payouts based on satellite-monitored vegetation levels, a model that can be adapted for drought-prone areas in Sri Lanka.

Such models are crucial to cover both annual crops like paddy and perennial crops like tea, rubber, and cinnamon. The use of technology, such as satellite data and weather indices, ensures fast and transparent payouts, reducing bureaucratic delays and improving trust among farmers.

Sector-Specific Insurance Needs

Tea and Rubber: These two vital export crops require insurance coverage against pests, diseases, drought, and market price volatility. Incorporating weather-indexed insurance models will ensure quick compensation during droughts, while specialized pest and disease coverage can mitigate losses due to diseases like the circular spot leaf disease in rubber.

Coconut and Oil Palm: These perennial crops are susceptible to drought and market shifts. A well-structured insurance system can offer financial security during lean production years, especially as Sri Lanka looks to lift the oil palm ban and enhance its agricultural export portfolio.

Forestry and Cinnamon: As vital sectors for Sri Lanka's reforestation and agroforestry initiatives, insurance can cover damage from wildfires, storms, and other natural disasters. Special provisions should also be made for smallholders involved in sustainable cinnamon production, which can expand into niche export markets.

Conclusion:

To ensure long-term sustainability, increase agricultural productivity, and strengthen Sri Lanka's position in global markets, it is essential to implement a robust agricultural insurance system. Such a system would protect the country's key crops and promote innovation and investment.

Agricultural insurance is not only a safety net but also a driver of sustainable agricultural growth, supporting the livelihoods of farmers and the nation's economy as a whole. All farmers can be provided with a personalized QR code that contains crucial information such as the GIS locations and boundaries of their cultivation areas. This digital system would enable the use of satellite imagery to accurately assess crop damage in real-time, ensuring quick and precise validation of insurance claims. By integrating this technology, insurance providers can streamline the claims process, reduce fraudulent claims, and offer faster financial relief to farmers affected by natural disasters or other risks. This approach promotes transparency and efficiency, empowering farmers to safeguard their livelihoods. The primary goal of this initiative is to motivate farmers to resume cultivation, ensuring an uninterrupted supply of agricultural products and maintaining the stability of the food production or Agri commodity supply chain.

5-Point Action Plan for Sri Lanka:

Develop Crop-Specific Insurance Schemes:

Tailor insurance packages for key crops such as tea, rubber, coconut, oil palm, and cinnamon to address their unique risks, including weather, pests, diseases, and market fluctuations.

Adopt Index-Based Insurance Models:

Implement weather and satellite-based insurance systems that provide quick payouts to farmers based on predefined climatic conditions, reducing bureaucratic delays and improving transparency.

Subsidize Premiums for Smallholders:

Encourage widespread adoption by offering government subsidies for insurance premiums, particularly for smallholder farmers in vulnerable regions who are less able to absorb financial shocks.

Partner with Private Insurers:

Strengthen public-private partnerships by incentivizing private insurance companies to develop products that cater to the specific needs of Sri Lanka's agriculture sector, ensuring that all stakeholders are invested in the success of the scheme.

Raise Awareness and Build Capacity:

Launch nationwide awareness campaigns and educational programs for farmers, agribusinesses, and cooperatives on the benefits of agricultural insurance. This should also involve building local capacity to manage and administer insurance claims efficiently.

References:

1. PMFBY (India) – Ministry of Agriculture and Farmers' Welfare, India.
2. PCIC (Philippines) – Philippine Crop Insurance Corporation.
3. IBLI (Kenya) – Index-Based Livestock Insurance.
4. CADENA (Mexico) – Weather Index-Based Agricultural Insurance.
5. Rural Insurance Subsidy Program (Brazil) – Brazilian Government

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