

UDK:303.446:342.81:368.021.7:368.52:368.5+061.48(497.11)

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COMPARATIVE ANALYSIS OF SPECIAL TERMS AND CONDITIONS FOR ANIMAL INSURANCE IN THE AGRICULTURE INSURANCE MARKET IN SERBIA

REVIEW ARTICLE

Abstract

In Serbia, animal insurance, or livestock insurance, is insufficiently developed. In addition, according to the latest published data in Serbia, this type of insurance accounts for only a small number of insurance policies, that is, a few thousand. The purpose of this paper is to analyse the offers of animal insurance on the agriculture insurance market in Serbia with the aim to determine if the reason for such insufficient development of this type of insurance lies in the characteristics of such supply offered on the domestic market. For such purposes, the paper will use the comparative research method to compare and analyse special terms and conditions for animal insurance, or livestock insurance, issued by the four major domestic insurers. Based on the conducted research, it can be concluded that on the agricultural insurance market in Serbia, there is a satisfactory offer regarding animal insurance, that is, the reasons for insufficient development of this insurance line do not lie in the offer. Demand will need to be encouraged and developed, as is the case with majority of other insurance lines on the domestic market, whereas farmers will need to be better informed and educated.

Key words: *insurance of agriculture, animal insurance, special terms and conditions for animal insurance, insurance in Serbia*

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Paper received on: August 3, 2018
Paper admitted on: September 15, 2018

1. Introduction

Insurance of animals is one of the oldest types of insurance. Insurable are all types of domestic and wild animals. However, animal insurance commonly implies livestock insurance as its largest part. Livestock insurance is a short-term insurance valid for a year or less, and usually covers one production cycle or turn.

The subject of insurance are actual livestock, and not their products, such as meat, milk, wool, leather, eggs and feathers. The subject of insurance can be neither unhealthy animals nor animals kept in poor zoohygienic conditions.² After the research of animal insurance carried out in the United States in 2001, it was concluded that many animal diseases were caused because the conditions in which animals were raised significantly deviated from those necessary and defined in the insurance terms and conditions.³

Animal insurance aims to ensure the economic protection of covered persons who raise animals, while ensuring all conditions for profit making. According to Marković and Jovanović, to reach full economic protection „farmers, insurance companies and the Government need to be more closely connected in order to create an integrated risk management solution in livestock.“⁴ Hart and his collaborators are of the opinion that livestock insurance includes production risk and price risk. Production risk is much lower in comparison with crop production because livestock is more adaptable to climate changes and majority do not require any special protection from the shock caused by adverse weather conditions. Production risk may be mainly attributed to diseases or increase in livestock number. However, according to the research of the quoted authors, livestock production is rather affected by price volatility, particularly, input price.⁵

The risks (perils) affecting animals can be classified into two groups: diseases and accidents. The actuation of such risks leads to damages caused by the animals' death, injuries, emergency slaughter or killing, treatment expenses, and other things that require economic protection.⁶

² *Insurance and Reinsurance Practice Manual DDOR Novi Sad*, Financing centar, Novi Sad, 1996, pp. 290.

³ Dana L. Hoag, Dawn D. Thilmany and Stephen R. Koontz, „Economics of Livestock Disease Insurance – Principles, Issues and Worldwide Cases“, S. R. Koontz, D. L. Hoag, D. D. Thilmany, Z. W. Green. and J. L. Grannis, (Edt.), *The Economics of Livestock Disease Insurance: Concepts, Issues and International Case Studies*, CABI Publishing, Cambridge, USA, 2006, pp. 7-8.

⁴ Todor Marković, Milenko Jovanović, Livestock Insurance as a Factor of Economic Stability in the Agriculture, *Contemporary Agriculture*, The Serbian Journal of Agricultural, University of Novi Sad, Faculty of Agriculture, Vol. 59, No. 3-4, 2010, pp. 292.

⁵ C, E. Hart, B. A. Babcock, D. J. Hayes, Livestock Revenue Insurance, *Journal of Futures Markets*, Vol. 21, No. 6, 2010, pp. 566.

⁶ Nebojša Žarković, „Osiguranje u poljoprivredi – nedovoljno razvijeno, a još manje korišćeno“, *Poljoprivrednikov poljoprivredni kalendar 2016*, „Dnevnik-Poljoprivrednik“AD, Novi Sad, 2016, pp. 73.

2. Potentials and Development Level of Animal Insurance in Serbia

Potential for animal insurance i.e. livestock insurance may be determined based on the data provided in the Strategy of Agriculture and Rural Development of the Republic of Serbia for 2014-2024. According to the information laid out in this document, Serbia has favourable natural conditions for the development of livestock farming, given that it has over 1.4 million hectares of permanent grassland of high quality and significant unused buildings for the accommodation of cattle. Nevertheless, for three decades now, this part of agriculture has been recording a negative trend.

According to the Strategy, "just over the last ten years, the number of livestock units per hectare of agricultural land decreased from 0.34 to 0.27." The analysts argue that the reduction in livestock farming in Serbia is the consequence of poorly conducted privatisation in agriculture and thus, today, the share of livestock in structural value of production is about 30% instead of being at least 60 %.⁷

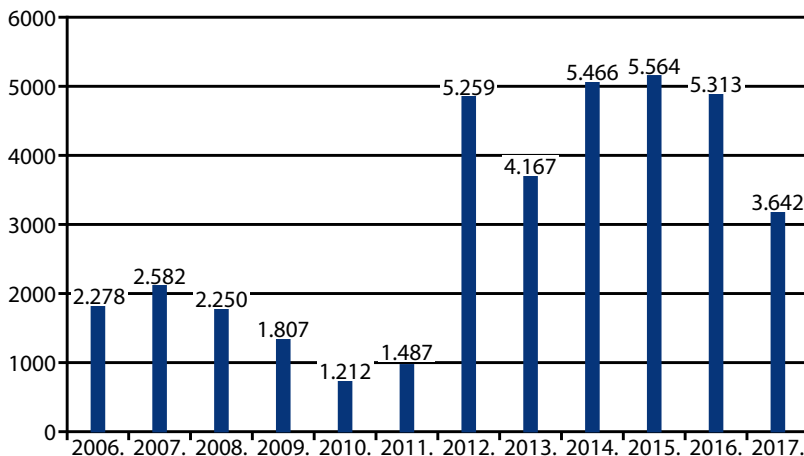


Chart no. 1 Number of animal insurance policies in Serbia 2006-2017

Source: http://www.nbs.rs/export/download/osg-izv-y/god_T1_2006-2017.pdf

According to the statistics, the number of farm animals considerably decreased in the past five years and if such trend continues, the share of animal insurance in the portfolio of insurance companies operating in the Serbian market will become insignificant. For example, in the period 2008-2013, the number of cattle went down

⁷ Branislav Gulan, „Radnici postali najamni radnici u preduzećima koja su gradili!“, Magazine „Danas“, supplement *DanasBiznis*, 16 July 2018, 2018, page II.

by 14%, the number of cows by 22%, the number of dairy cows by 21%, and that of pigs by 13%. In the analysed period, only poultry recorded a 36% increase, whereas the number of sheep slightly went up by 0.7%.⁸

The data on the total number of animal insurance policies are available in the database of the National Bank of Serbia. The movement of the number of policies through the corresponding change in the volume of animal insurance in Serbia in the period from 2006 to 2017 is shown in Chart 1. Based on the figures shown, it can be concluded that in the period from 2006 to 2008, the number of animal insurance policies was approximately at the same level, only to decline in 2009 and reach its minimum in 2010. At that time, in Serbia, there were only 1,212 policies of this type of insurance. The subsequent year saw growth and in 2014, there were 5,466 policies which, in the analysed period, accounted for the maximum number of animal insurance policies. In the next two years, there was a decrease in the number of animal insurance policies, so that in 2017 there were only 3,642 policies. This number is certainly insufficient from the aspect of the significance of this type of insurance and thus, it can be concluded that the animal insurance or livestock insurance in Serbia is not sufficiently developed.

3. Subject of Insurance and Risks Insured

According to the general terms and conditions for animal insurance issued by the insurers operating in the agriculture insurance market in Serbia, the subject matter of insurance may be: (a) hooved animals 10 days old until turning 18 or 21 years of age, provided that they had been continuously insured at least since they were 15 years of age; (b) cattle and bulls 10 days old until turning 13 years of age provided that they had been continuously insured at least since they were 7 years of age; (c) sheep 90 days old until turning 6 years of age; (d) goats 90 days old until turning 8 years of age; (e) pigs 21 days old weighing over 5 kg until turning 7 years of age.

Animal insurance in Serbia is effected on a voluntary basis, under the general and special insurance terms and conditions defined by insurance companies (insurers) in accordance with the Insurance Law. General terms and conditions regulate the most important parts of insurance contract. Special animal insurance terms and conditions are effected for insurance against particular types of risks (perils). The main characteristic of all types of special terms and conditions is that they are conditioned by the previous conclusion of the standard animal insurance in accordance with the general insurance terms and conditions.

⁸ Strategy of Agriculture and Rural Development of the Republic of Serbia for 2014-2024, Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH, Bonn, Germany, pp. 19.

The comparative analysis of general animal insurance terms and conditions issued by the following insurers: Dunav Insurance, DDOR Novi Sad, Generali Insurance and Triglav Insurance shown in the Table 1 leads to the conclusion that the standard risks insured are almost identical. These are: death caused by illness and accident and emergency killing.

Table 1 Insurable risks of livestock farming in the Serbian agriculture insurance market⁹

Livestock farming risks	
Special Conditions	General Conditions
– death due to illness	– loss of breeding capacity of heifers and cows
– death due to accident	– loss of calf or colt on delivery
– emergency killing	– loss of breeding capacity of male breeding animals
	– insurance of animals intended for slaughter
	– insurance of animals in commercial warehouses
	– insurance of animals at exhibitions
	– insurance of animals during quarantine
	– insurance of animals against the risk of castration and ovariectomy
	– insurance against the drop in milk production
	– insurance against death and emergency slaughter as a consequence of delivery
	– insurance of sheep relating to merinisation

Source: Gordana Radović, pp.182.

Insurance companies operating on the domestic agricultural insurance market do not cover the risks of contagious diseases that pose a threat to the whole country and that can be prevented by vaccination, or the combat of which is legally prescribed. In addition, insurers do not cover the damages from diseases arising as a result of long-term, excessive and unreasonable exploitation of domestic animals, malnutrition or improper nutrition, delayed or improper treatment, or failure to comply with veterinary advice. In livestock insurance, the accident is considered: a fall, slipping, lightning or electrocution, explosion, flood, storm, cloud outburst, avalanche, freezing or overheating, suffocation, mutual animal fight, injuries from beasts or snakes, food poisoning, running down by a vehicle, impact of an object, and wounds from weapons.¹⁰

⁹ Gordana Radović, *Agricultural Insurance as Possible Compulsory Insurance in the Republic of Serbia*, Doctoral Dissertation, John Naisbitt University, Belgrade, Faculty for Business Studies, Belgrade, 2016, pp. 182.

¹⁰ *Insurance and Reinsurance Practice Manual DDOR Novi Sad*, Financing center, Novi Sad, 1996, pp. 292.

The analysed offers of insurance companies operating on the domestic market contained the same risks, but also included additional and different insurable risks defined by special terms and conditions for animal insurance (Table 1). Thus, they represent an important indicator of the quality of supply of this type of insurance in Serbia, and are subject to further analysis.

4. Methodology

The aim of this paper is to analyse the animal insurance offer on the agricultural insurance market in Serbia in order to identify whether its insufficient development in the domestic market is caused by the characteristics of the offers. For such purpose, the paper will use a comparative research method to compare and analyse special animal insurance terms and conditions of the four major domestic insurers dealing with this line of insurance. These are: Dunav Insurance a.d.o, Beograd; DDOR Novi Sad a.d.o, Novi Sad; Triglav osiguranje a.d.o, Beograd and Generali Insurance Serbia a.d.o, Beograd.

5. Research Findings

The subject of research were special animal insurance terms and conditions that are contained in the current offer of the four major insurers of this type of insurance operating on the agricultural market in Serbia. These are special insurance terms and conditions (a) against the risk of loss of calf or colt on delivery; (b) against the risk of loss of breeding capacity of heifers and cows; (c) against the loss of breeding capacity of male breeding animals (d) for animals intended for slaughter; (e) for animals in lairages (commercial warehouses); (f) for animals at exhibitions; (g) against the risk of castration and ovariectomy; (h) for poultry; (i) for experimental insurance of turkeys; (j) for insurance of bees; (k) against the drop in milk production; (l) against death and emergency slaughter as a consequence of delivery; (m) for sheep relating to merinisation; (n) for animals during quarantine; (o) for insurance of animals with periodical determination of the sum insured and periodical premium calculation; (p) special terms and conditions for Premium Animal Insurance; (q) special animal insurance terms and conditions– *TRIGLAV MAX PAKET*; (r) special terms and conditions for insurance of animals against the risk of death, forced slaughter or killing as a consequence of particularly dangerous contagious diseases – catastrophic. The subject of analysis were: subject matters of insurance, insured perils and insurance terms and conditions defined in individual special terms and conditions.

5.1. Special Terms and Conditions for Insurance against the Risk of Loss of Calf or Colt on Delivery

In accordance with special insurance terms and conditions of DDOR Novi Sad, and the same applies for other insurers, *the subject matter of insurance are*

calves and colts of insured breeding cattle and hoofed females. If the insurance is effected for the first time, the contract may be concluded minimum 15 days before the anticipated day of normal delivery.¹¹

In accordance with special insurance terms and conditions of Triglav insurance, *the insured perils* are: (a) death of a calf or colt on delivery which occurred spontaneously or during a veterinary intervention; (b) death of a calf as a consequence of premature birth in the ninth month of gravidity or due to death of a colt as a consequence of premature delivery in the eleventh month of gravidity; (c) delivery of a dead calf or colt; (d) death of a calf or colt due to illness or accident within 10 days after birth.¹² According to the terms and conditions of the mentioned insurer, the insurance does not cover the losses due to miscarriage of a calf before the ninth month of pregnancy, or of a colt before the eleventh month of pregnancy, as well as due to insufficiently professional assistance on delivery. These perils are similarly defined in other offers of other insurance companies.

The sum insured must be separately stated in the policy and, according to the special insurance terms and conditions of Dunav Insurance, such sum for a calf and colt may not exceed 20% of the sum insured for breeding females.¹³

5.2. Special Terms and Conditions against the Risk of Loss of Breeding Capacity of Heifers and Cows

According to the analysed special terms and conditions of the insurers, *the subject matter of insurance* are fertilized heifers or breeding cows up to 10 years of age, and this insurance is effected as supplementary. The insured person is obliged to submit a certificate of a veterinarian on the performed examination and the established heifer's gravidity and breeding capacity of insured cows. In addition, the insured is obliged to insure against this risk all cows and heifers that are capable of breeding, whereas for barren animals that are not insurable, veterinary certificate is required. This supplementary insurance begins upon the expiry of the 24 hours of its conclusion, and the obligation to compensate for the damage is effective until the expiry of the obligation under the standard insurance of a breeding female.

The insured peril (risk) includes the insurer's liability to pay the insurance indemnity for the damage caused by the loss of breeding capacity of the insured heifer or cow. Insurance company is not liable to indemnify the loss under these special terms and conditions when the loss of breeding capacity was caused by the

¹¹ DDOR Novi Sad a.d.o, Novi Sad, Special Terms and Conditions for Insurance against the Loss of Calf or Colt on Delivery, Article 1.

¹² Triglav osiguranje a.d.o, Beograd, Special Terms and Conditions for Insurance against the Loss of Calf or Colt on Delivery, Articles 2 and 3.

¹³ Dunav Insurance a.d.o, Beograd, Special Terms and Conditions for Insurance against the Loss of Calf or Colt on Delivery, Article 4.

exclusion of heifers or cows from breeding due to zoo-technical reasons, brucellosis or tuberculosis as well as due to malnutrition and improper nutrition.¹⁴

The sum insured for heifers and cows is their value entered in the standard insurance.¹⁵

5.3. Special Terms and Conditions for Insurance of Male Breeding Animals against the Loss of Breeding Capacity

The subject matter of insurance may be licensed breeding male animals with the breeding capacity certificate, as follows: (a) breeding stallions aged 16 months until turning 15 years of age; (b) breeding bulls aged 12 months until turning 9 years of age, whereas the bulls of special breeding capacity and value may be insured until they turn 15 years of age; (c) breeding boars aged 6 months until turning 5 years of age; (d) breeding rams and goats aged 8 months until turning 5.¹⁶

Insured peril includes the loss of breeding capacity. This insurance does not cover the risks, that is, the obligation of the insurer to indemnify the damage does not exist if a head of cattle is excluded from breeding due to zoo-technical reasons, if the loss of breeding capacity is caused by cattle obesity or malnutrition, or if it resulted from brucellosis or tuberculosis.¹⁷

The sum insured is determined according to the actual value of the breeding head. In accordance with the special insurance terms and conditions of insurers operating on the domestic market, actual value of breeding head of cattle is the sum of slaughter value and breeding value, which must be separately indicated in the policy.

5.4. Special Terms and Conditions for Insurance of Animals Intended for Slaughter

The subject matter of insurance are horses, cattle, sheep, goats and pigs intended for slaughter, in the period within which, prior to slaughter, they are situated in the lairages of the insured. The insurance company is obliged to pay insurance indemnity for the damages occurring due to death, emergency slaughter or killing due to death or accident. The insurer is not obliged to pay the indemnity for the losses occurred during transport, as stated in all analysed offers of insurance companies.

¹⁴ Dunav Insurance a.d.o., Beograd, *Special Insurance Terms and Conditions against the Loss of Breeding Capacity of Heifers and Cows*, Article 6.

¹⁵ DDOR Novi Sad a.d.o., Novi Sad, *Special Insurance Terms and Conditions against the Loss of Breeding Capacity of Heifers and Cows*, Article 3.

¹⁶ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Breeding Male Animals against the Loss of Breeding Capacity*, Article 1.

¹⁷ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Breeding Male Animals against the Loss of Breeding Capacity*, Article 2 and 3.

5.5. Special Insurance Terms and Conditions for Insurance of Animals in Lairages (Commercial Warehouses)

According to the analysed terms and conditions of four leading insurance companies, the *subject matter of insurance* includes horses, cattle, sheep, goats and pigs in lairages (commercial warehouses) which are insured against death, emergency slaughter or killing due to illness or accident. The insurance company is not obliged to pay insurance indemnity for damages incurred during transportation, as well as for damages caused by the transport.

5.6. Special Terms and Conditions for Insurance of Animals at Exhibitions

Subject matter of insurance, insured perils and terms for the conclusion of a contract. The subject matter of this insurance are hooved animals, cattle, sheep, goats, pigs, poultry, rabbits, birds and fish at the time when these animals are displayed at exhibitions. According to the special insurance terms and conditions of DDOR Novi Sad, these animals may be insured against death, emergency slaughter or killing due to illness or accident. Insurance is mandatory for all exhibited animals of the same breed, provided that they meet the conditions for acceptance to insurance. If at the entrance to the exhibition area it is determined that the individual heads of cattle are exhausted, in poor condition, ill or suspected of an infectious disease, such animals cannot be the subject of insurance and must be immediately removed from the exhibition site.¹⁸

5.7. Special Terms and Conditions for Insurance of Animals against the Risk of Castration and Ovariectomy

The subject matter of insurance are male animals (stallions, donkeys, bulls, rams, billy goats, boars), whereas sows are covered within the population of female animals.

Insured perils. Under the insurance terms and conditions of DDOR Novi Sad, the insurance company is obliged to pay indemnity for the damage caused to insured animals due to death, emergency slaughter or killing due to illness as a direct consequence of castration, ovariectomy, or an accident during castration.¹⁹ The subject matter of insurance and insured perils are similarly defined in the analysed offers of other insurers.

¹⁸ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Animals at Exhibitions*, Article 1 and 2.

¹⁹ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Animals against the Risk of Castration and Ovariectomy*, Articles 1-3.

5.8. Special Terms and Conditions for Insurance of Poultry

The subject matter of insurance may be healthy poultry which are in a special technological production process, as follows: (a) fattening chickens – broilers one to 60 days old; (b) offsprings – chickens, hens, cocks one to 6 months old; (c) hens layer and breeding cocks five or six months old up to 17 or 18 months old.²⁰

Unlike other insurers, whose terms and conditions only indicate what can be the subject matter of insurance, the terms and conditions of Dunav Insurance Company specify the subjects that are excluded from insurance. According to the special insurance terms and conditions of this insurance company, the subject matter of insurance may not be sick, stunted poultry or poultry suspected of a disease. Excluded is also the poultry kept in poor hygienic conditions and the extensive housing poultry (in a yard).²¹

As *insured perils*, death due to illness and accident are specified in all the analysed terms and conditions of all insurers. In addition, the risks excluded from insurance are particularly mentioned: (a) earthquake, nuclear explosion, radioactive contamination, fire, suffocation and smoke poisoning; (b) malnutrition and improper nutrition as well as intake of harmful food; (c) untimely treatment of diseased animal or failure to follow the veterinary advice; (d) deaths due to failure to observe and apply statutory veterinary and sanitary measures aimed to prevent and control various diseases; (e) failure to implement the determined technological process and standards for a particular breed, race or line of poultry, prescribed preventive measures and failure to observe minimum zoo-hygienic standards; (f) slaughtering or killing animals without actual need for it; (g) transport of poultry.²²

The sum insured is defined in most detail in the terms and conditions of Dunav Insurance. According to this provision, the poultry are insured to the value per head determined by the insured, but this value cannot be higher than the actual (market) value of the poultry at the time of conclusion of the contract. The actual value of poultry is determined for: (a) native and production flock as the value effective at the moment of being transferred from offspring, and is comprised of slaughter and breeding value; (b) breeding offspring as the value to be effective at the end of breeding; (c) fattening chickens as the value to be effective at the end of fattening.²³

²⁰ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Poultry*, Article 1.

²¹ Dunav Insurance a.d.o., Beograd, *Special Terms and Conditions for Insurance of Hens*, Article 1, item 3.

²² DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Poultry*, Article 3; Dunav Insurance a.d.o., Beograd, *Special Terms and Conditions for Insurance of Hens*, Article 3; Triglav osiguranje a.d.o., *Special Terms and Conditions for Insurance of Poultry*, Article 3.

²³ Dunav Insurance a.d.o., Beograd, *Special Terms and Conditions for Insurance of Hens*, Article 4, item 1 and 2.

5.9. Special Terms and Conditions for Experimental Insurance of Turkeys²⁴

The experimental insurance of turkeys exists within the special terms and conditions for insurance of animals issued by DDOR Novi Sad.

The subject matter of insurance may be healthy turkeys placed in special technological production process, as follows: (a) fattening turkeys – one to 150 days old; (b) offsprings – turkeys, female and male turkeys one to six months old; (c) egg-laying turkeys and male turkeys for the production of breeding eggs or table eggs, five or six months old to 17 or 18 months old.

Insurance terms and conditions stipulate that the insured is obliged to take out insurance for all turkeys capable of fattening, breeding offsprings or laying eggs. In addition, it is stipulated that turkeys in extensive housing i.e. kept in yards may not be insured.

Insured perils are death and emergency slaughter of turkeys due to illness and accident. Perils not covered by insurance are defined in the same manner as in the insurers' terms and conditions for insurance of poultry.

The sums insured for different races and line of turkeys found at the same place i.e. insured facility must be equal. The sum insured for young turkeys in fattening and turkeys in breeding is the value they will reach by the end of fattening, and such sum is deducted when the output weight is multiplied by the agreed i.e. market price, whichever is lower.

5.10. Special Terms and Conditions for Insurance of Bees²⁵

The special terms and conditions for insurance of bees can be taken out within special insurance terms and conditions of Triglav osiguranje.

The subject matter of insurance may be healthy and strong bees, beehives and their content (honeycomb and honey) belonging to honeybee society.

Insurance terms and conditions stipulate that the insured is obliged to insure all insurable populated honeybee societies (beehives and their content). Excluded from insurance are the bees which are neglected in terms of care and nutrition and the societies populated in poor beehives with poor honeycombs and those in beehives with immovable honeycombs (skeps). In addition, bees in hibernation may not be insured from 15 October to the first foraging day. The insurance period for bees is one year.

Insured perils for honeybee society include insured risks against death or emergency destruction due to illness and accident, and in the event of a disease, the insured is obliged to submit veterinary certificate. The destruction of beehive

²⁴ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Experimental Insurance of Turkeys*.

²⁵ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Bees*.

content is insured against accident and natural catastrophes caused by fire, flood, storm, lightning, and the like. During the transport of bees the insurance is valid only if prior to transport the honey was placed from honeycombs to the frames for honey, if the transport provides good ventilation in beehives, and if it is escorted by a professional.

The sum insured is determined for the honeybee society, beehives, honeycombs and honey. Honeybee society is insured to the value effective in May, beehives and honeycombs are insured to the value effective on the date of conclusion of the insurance contract, and honey in the honeycomb are insured to the value effective when the frame for honey is full.

5.11. Special Terms and Conditions for Insurance against the Drop in Milk Production²⁶

Special terms and conditions for insurance against the drop in milk production exist within the special insurance terms and conditions of Triglav osiguranje.

The subject matter of insurance are female cattle aged from one year until turning 12 years of age.

Insured perils (risks) – This insurance includes the risk of partial loss in the production of milk as a consequence of the occurrence of the insured event, within the meaning of the actuation of standard risks anticipated in the general terms and conditions for insurance of animals.

Sum insured – is represented by the average value of milk production within one-month period defined based on the quantity of produced milk.

5.12. Special Terms and Conditions for Insurance of Risk against Death and Emergency Slaughter as the Consequence of Delivery²⁷

The insurance against this risk is within special terms and conditions for animal insurance issued by Triglav osiguranje.

The subject matter of insurance are breeding females of cattle, pigs, horses, sheep and goats.

Insured perils (risks) – Insurance company is obliged to pay insurance indemnity for the damages occurred as a consequence of death, emergency slaughter or killing of an insured animal as a consequence of delivery, as follows: (a) more narrow coverage – from the beginning of labour and within 24 hours; (b) wider coverage – from the beginning of labour and within next 10 days.

²⁶ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Drop in Milk Production*.

²⁷ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Risk against Death and Emergency Slaughter as the Consequence of Delivery*.

Insurance company is not liable to pay insurance indemnity if the damages were caused by untimely or unprofessional intervention, due to big foetus, due to professional error of crossbreeding, due to illnesses anticipated in the Programme of Measures of the Serbian Government and other causes laid out in the exclusions of general animal insurance terms and conditions.

The maximum *sum insured* may be actual (market) value of an animal during the conclusion of the insurance contract. According to the terms and conditions of Triglav osiguranje, it is anticipated that the sum insured should be limited for particular types and categories of animals, that is, that the maximum and minimum value should be defined.

5.13. Special Terms and Conditions for Insurance of Sheep Relating to Merinization²⁸

Based on the conducted research and analysis, it can be concluded that insurance against this risk exists only in special terms and conditions for insurance of animals of Triglav osiguranje.

The subject matter of insurance is sheep against death, emergency slaughter or killing due to illness and accident, occurring at the time when the sheep are located at merinization points.

The insurer's liability to pay insurance indemnity starts on the 24th hour of the day when the sheep arrive at merinization points, provided that the premium has been paid, and lasts until the sheep are situated at those points, but not longer than 60 days. To this type of insurance, the provisions on waiting period stipulated in the general insurance terms and conditions do not apply.

Sum insured – Sheep are insured to the average sum insured which is unique for all sheep at one point, according to the average actual value.

5.14. Special Terms and Conditions for Insurance of Animals during Quarantine²⁹

Special terms and conditions for insurance of animals during quarantine exist within the special terms and conditions of Triglav osiguranje.

The subject matter of insurance may be hooved animals, cattle, sheep, pigs, exotic animals and wild animals during quarantine period where they undergo a special regime prescribed by the authorised veterinary service.

Insured perils and scope of cover – The insurer is obliged to indemnify the loss occurred due to death, emergency slaughter or killing of animals due to illness

²⁸ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Sheep Relating to Merinisation*.

²⁹ Triglav osiguranje a.d.o., Beograd, *Special Terms and Conditions for Insurance of Animals during Quarantine*.

or accident. Depending on the scope of cover, this insurance may be concluded as: (a) narrow coverage which includes the risks covered by general animal insurance terms and conditions; (b) broader coverage relating to death, emergency slaughter and killing due to illness or accident, without limitations and exceptions of causes stipulated in the general animal insurance terms and conditions; (c) additional coverage relating to the loss of foetus or miscarriage or still born animal, whereas in narrow and broader coverage it may be concluded only for hoofed animals, cattle, sheep, goats and pigs.

5.15. Special Terms and Conditions for Insurance of Animals with Periodical Determination of the Sum Insured and Periodical Premium Calculation³⁰

The special animal insurance terms and conditions of DDOR Novi Sad also offer the special terms and conditions for animal insurance with periodical determination of the sum insured and periodical premium calculation.

The subject matter of insurance may be all animals insured according to the general or special animal insurance terms and conditions if such insurance lasts longer than 30 days.

The sum insured is changeable and is determined periodically, that is, until the end of the current accounting period for the next period. The sum insured may be determined: (a) for animals the value of which is determined per piece – according to the individual actual value during the insurance period; (b) for animals the value of which is determined per weight – according to the actual price per weight unit during the insurance period and output weight at the end of insurance.

According to the terms and conditions of this insurance the provisions on the waiting period do not apply.

5.16. Special Terms and Conditions for Insurance of Animals – TRIGLAV MAX PACKAGE³¹

The subject matter of insurance may be only health animals in good condition such as: pigs, sheep, cattle and goats, in accordance with the limitations set forth in the general animal insurance terms and conditions of this insurance company.

Insured perils, that is, insured risks are: (a) standard risks in accordance with the general animal insurance terms and conditions (basic and wider cover); (b) drop in milk production in accordance with the special animal insurance terms and conditions; (c) loss of a calf, in accordance with the special terms and conditions (narrower

³⁰ DDOR Novi Sad a.d.o., Novi Sad, *Special Terms and Conditions for Insurance of Animals with Periodical Determination of the Sum Insured and Periodical Premium Calculation*.

³¹ Triglav osiguranje a.d.o, *Special Animal Insurance Terms and Conditions – TRIGLAV MAX PACKAGE*.

coverage); (d) diseases occurred as a consequence of improper nutrition; (e) death of emergency slaughter occurred as a consequence of womb bursting on delivery, loss of blood and other consequences of delivery; (f) mechanically inflicted injury of udder and death as a consequence of mastitis caused by *Escherichia coli*; (g) death or emergency slaughter due to the presence of a foreign body in the digestive system; (h) death or emergency slaughter as a consequence of labour, until the moment of delivery and subsequently in the next 20 days.

The insurance terms and conditions stipulate that breeding heads of cattle are insured only to the period of one year, whereas fattening heads of cattle are insured in the fattening period. In this type of insurance waiting period of 14 days is compulsory prior to the date indicated as the delivery date of breeding cattle, unless agreed otherwise. Before the conclusion of the contract the insurance company has the right to examine the animals and, if necessary, prescribe preventive measures for animals and conditions in which they are kept.

The sum insured is determined similarly as in other special animal insurance terms and conditions issued by this insurance company. Specifically, in the insurance of risk against the drop in milk production the sum insured is fixed and amounts to 30.000 RSD per month and in insurance against the loss of calf on delivery the sum insured is fixed and amounts to 10.000 RSD per calf. The insurance company may limit the sum insured for particular animals, that is, may determine maximum and minimum values.

5.17. Special Terms and Conditions for Premium Animal Insurance³²

The subject matter of insurance may be only healthy cattle, sheep, goats, hoofed animals and pigs in accordance with Article 20 of General Insurance Terms and Conditions.

Insured perils: (a) illnesses occurred due to improper nutrition (ketosis, paresis, omasal paresis, ruminal atony and the like); (b) deaths caused by peracute and acute mastitis caused by *Escherichia coli*; (c) emergency slaughters due to udder injury; (d) swallowing of a foreign body; (e) due to delivery from the moment of labour and in the subsequent 20 days; (e) death or emergency slaughter due to colics in hoofed animals; (f) surgical interventions on colicas in hoofed animals if specially agreed; (g) death or emergency slaughter due to illnesses which should be mandatory reported, except for illnesses included in the programme of measures, particularly dangerous contagious diseases, diseases for which damage, part of damage or another amount is paid by the state authority, diseases for which the competent state government authority orders killing, slaughter or control.

³² Generali Osiguranje Srbija a.d.o, Beograd, *Special Terms and Conditions for Premium Animal Insurance*.

Perils not included by insurance: (a) use of food lacking food safety within the meaning of regulations on production and sales of fodder; (b) irregular nutrition and malnutrition; (c) consequences of disease control or eradication; (d) diseases which are compulsory to be reported, where the insured has the right to indemnity from state authority/government, regardless of whether by his actions or lack thereof he lost his entitlement or waived such entitlement; (e) if the insured fails to treat the animals conscientiously, in accordance with regulations and rules of good production practice or in accordance with the advice of a veterinarian; (f) fraud or gross negligence of a policyholder or an insured.

5.18. Special Terms and Conditions for Insurance of Animals against the Risk of Death, Emergency Slaughter or Killing as a Consequence of Particularly Dangerous Contagious Diseases – Catastrophic³³

The subject matter of insurance may be horses, cattle, pigs, sheep and goats, in accordance with the General Animal Insurance Terms and Conditions.

The insured perils are deaths, emergency slaughter or killing of animals upon the order of a competent state authority, caused by one of the following contagious diseases: foot-and-mouth disease, vesicular stomatitis, swine vesicular disease virus, cattle plague, small ruminants plague, contagious bovine pleuropneumonia, lumpy skin disease, Rift Valley fever, horse plague, African swine fever, porcine poliomyelitis, rabies, farcy, eastern equine encephalomyelitis, classical swine fever and the like.

The insurer is not liable to pay indemnity for the damages occurring as a consequence of: (a) the failure to implement basic preventive, zoohygienic and zoo-sanitary measures for the prevention and control of infectious diseases and legal regulations on the protection of animals against infectious disease (b) failure to act upon the order or recommendation of the competent state authority; (c) diseases anticipated in the Programme of Measures of the Serbian Government, except for the classical swine fever; (d) classical swine fever on the location where this disease was registered in the past three years; (e) breach of veterinary regulations by the insured due to which the insured is not entitled to compensation paid by the government; (f) other causes specified in the exclusion laid out in the General Animal Insurance Terms and Conditions.

6. Conclusion

Based on the conducted research, it can be concluded that on the Serbian agriculture insurance market there is a satisfactory offer concerning animal

³³ Generali Osiguranje Srbija a.d.o, Beograd, *Special Terms and Conditions for Insurance of Animals against the Risk of Death, Emergency Slaughter and Killing as a Consequence of Particularly Dangerous Contagious Diseases – Catastrophic*.

insurance. The general and special insurance terms and conditions i.e. analysed offers of the four leading insurance companies in this class of insurance contain the insurance which covers the most important risks of livestock production. Thus, it can be concluded that the agricultural entities have the opportunity to take out good-quality insurance for their production, that is, that the reasons for insufficient development of livestock insurance in Serbia do not lie in the offer but instead, the demand needs to be encouraged and developed, as is the case in other insurance lines on the domestic insurance market. For such purposes, farmers need to be well informed and educated. The development of this type of insurance also requires the increase in livestock.

With the aim to develop insurance of agriculture in Serbia, in 2006, state financial support was introduced and is realised through insurance premium recourse. The amount of recourse is 40% of the agricultural insurance premium. However, so far this has not produced any impact on the development of livestock insurance.

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Translated from Serbian by: Zorica Simović