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**Awareness of Agricultural Insurance Policy of the Nigerian Agricultural Insurance Company by Farmers in Michika Local Government Area, Adamawa State**

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**Abstract**

The occurrence of hazards on farms in Michika Local Government Area have been a source of concern to farmers. This development has taken a negative turn on the farmers' income and welfare. Consequently However, farmers are apprehensive of cultivating crops and raising livestock. This study looked into the awareness of the Agricultural Insurance policy of NAIC by farmers in the study area. Findings indicated that to a large extent the farmers are illiterate and operate on a small scale. This could affect their level of awareness and enlisting into the insurance scheme of NAIC. Disease outbreak and drought are the common social hazards farmers have experienced in the study area. But awareness of the agricultural insurance scheme is very low among the farmers. The authorities of the local government have been a reliable source of assistance during the occurrence of social hazards. The study recommends an increased enlightenment and participation in the insurance policy of NAIC.

Keywords: Michika, small scale farmers, insurance scheme, illiterate farmers, farm hazards and insurance

**INTRODUCTION**

Agriculture has occupied a central position in Nigerian economy, particularly during the pre-independence and the early independence era. Agricultural production in Nigeria entails both crop and livestock sectors. Unlike many other investments, its activities is exposed to a wide variety of risks and uncertainties ranging from input supply, price, agricultural yield, post harvest losses and product prices and vagaries of nature such as drought, pest and disease outbreak and fire. Insurance is one of the farm management strategies commonly used against risk and uncertainties in agricultural production (Alamu and Aminu, 2003). The Nigerian Agricultural Insurance Company (NAIC) was established by the Federal Government of Nigeria. The major objectives of the scheme are to offer protection to farmers from the effects of natural disaster and ensure the payment of appropriate compensation sufficient to keep the farmer in business after suffering losses. Ray (1981) posited that agricultural insurance scheme is a vital tool in reducing risk in farm operations. In addition, Phillip (1988) showed that farmers need an alternative source of assistance, which will enable them withstand sudden and unanticipated losses of stocks with the least potential disturbance to production programme. Such an alternative force is found to be an insurance scheme. In developing countries like Nigeria, the agricultural insurance scheme is required as a useful tool for reducing risk in farm operations (Ray, 1981).

Majority of the farmers in the rural areas are resource poor, illiterate and are faced with problems of non-availability of farm inputs and infrastructure. In addition problems associated with pests and disease outbreak, drought and fire are some of the constraints farmers are confronted with, while contributing their quota to agricultural development. The desirability for agricultural insurance as a palliative to farm hazards may in one way assist farmers in reducing losses. Therefore a study on the occurrence of farm hazards and awareness of the agricultural insurance scheme by the farmers will provide information for documentation and development of the insurance scheme in Adamawa state.

### **Objectives**

- (1) To evaluate the socio-economic characters of farmers in the study area.
- (2) To ascertain the awareness of the scheme in Adamawa state.
- (3) To make recommendations for future development of the scheme.

### **Methodology**

This survey was carried out in Michika Local Government Area of Adamawa state. Michika Local Government lies between Latitude 6° 30' and 9°31' and Longitude 9° and 10° and 11°50'N with a altitude of 732.4m above sea level. Farmers in the Local Government Area cultivate maize, sorghum, millet, cowpea and soybeans among other crops and vegetables. Also they rear cattle, sheep and goats.

Populations used for this study are contact farmers in Michika Local Government Area. Five wards were randomly selected from the existing 16 wards. The selected wards are Mbororo, Michika1, Michika 2, Fidel and Moda. Data were collected on the socio-economic characters of the farmers, the existence of risk in their farming business as well as the awareness of agricultural insurance policy among the farmers in the location. Data collected were summarized and subjected to statistical analysis as percentage and frequency distribution.

### **Results and Discussion**

#### **Socioeconomic characters of the farmers**

The socio economic attributes of the farmers are shown in Table 1. The variables analyzed include age, sex, education, farm size, and years of experience (etc). The study showed that 60% of the respondents were within the age bracket of 21 and 40 years. This is an indication that majority of the respondents in the study area are young. Majority of the respondents are of the male sex, indicating that farming is largely practiced by the male gender as compared with the female sex. 56% of the respondents have between 3 and 4 wives indicating the predominance of polygamous families as compared to the other family structures. The study showed that majority of the respondents are married and those having between 1 and 2 wives represents 59% of the respondents'. To a limited extent 80% of the farmers have primary school educational qualification. However, this level of literacy may not enhance adoption and could as well make them ignorant of agricultural insurance scheme. This trend is at variance with the findings of Alamu and Aminu (2003). Most of the farmers interviewed have farmlands between 1 and 3 hectares suggesting that most of are small land holders and could be resource poor. Crop farming was dominant (82%) among the farmers, while 20% of the farmers use chemicals and diversification of farming activities is common.

The study revealed that 90% of the farmers interviewed indicated that at one time or the other, they have experienced hazards on their farms. The common hazards experienced by farmers in the study area includes disease outbreak (69%), drought (14%) and to a lesser extent is flooding and fire out break. From the survey, estimated losses valued in Naira ranged between N26, 000.00K and N30, 000.00k among the farmers interviewed. The authorities of Michika Local Government Area have been a reliable source of assistance during the occurrence of natural hazards. In most cases they receive cash as palliative.

The study revealed that most of the farmers (58%) in Michika Local Government indicated that they were not aware of the existence of agricultural insurance scheme in their communities (Table 3). But 42% of the respondents indicated that they are aware of the National Agricultural Insurance Scheme. When questioned on the source of the forgoing, they indicated that they got to know of the NAIC scheme through the instruments of the Extension services of the Agricultural Development Project (38%) available in their location. Others acknowledged radio broadcasts and friends.

**Table 1 Socio economic variable of the respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Age</b>		
31-40	30	60
41-50	13	26
51-60	7	14
<b>Sex</b>		
Male	14	72
Female	36	28
<b>Marital Status</b>		
Single	9	18
Married	33	66
Divorcees	8	16
<b>Number of wives</b>		
1-2	29	58
3-4	13	26
4>	8	16
<b>Number of children</b>		
1-2	12	24
3-4	28	56
5-6	10	20
<b>Occupation</b>		
Crop farming	41	82
Tailoring	1	2
Livestock farming	8	16
<b>Farm size</b>		
1-3 hectares	27	54
4-6	13	26
10>	10	20
<b>Scale of production</b>		
Small	27	54
Medium	19	38
Large	4	8
<b>Educational attainment</b>		
No formal education		
Primary	40	80
Secondary	10	20
Tertiary	0	0
<b>Crop produced*</b>		
Maize	23	22
Sorghum	25	24
Groundnut	16	15
Cowpea	27	26
Bambara nut	16	15

**Table 2: Occurrence of farm hazards and source of assistance**

	Frequency	Percentage
<b>Have you experienced any farm hazards</b>		
Yes	43	86
No	7	14
<b>Types of farm hazards</b>		
Drought	12	10
Fire outbreak	3	14
Disease outbreak	30	69
Flooding	3	7
<b>Losses in naira</b>		
N10,000.00-N25,000.00	11	22
N26,000.00 –N30,000.00	21	42
N37,000.00-N50,000.00	8	16
N51,000.00>	10	20
<b>Source of assistance</b>		
Local government	26	52
ADP	13	26
State government	0	0
Friends	11	22
NAIC	0	0

**Table 3: Awareness of agricultural insurance policy**

	Frequency	Percentage
<b>Have you heard about agricultural insurance</b>		
Yes	21	42
No	29	58
<b>Source of information on agric insurance</b>		
Friends	3	22
ADP	8	38
Sales agent	10	20
<b>Willingness to take up insurance policy</b>		
Yes	78	98
No	2	2

From the results of this study, we conclude that majority of the farmers have experienced hazards on their farms at one time or the other. Most importantly this is attributed to disease or pest outbreak and drought. These could account for significant yield losses and reduction in realizable income by farmers in this location. The presence of NAIC insurance scheme in the survey area could solicit for a greater participation in farming. It is recommended that the Nigerian Agricultural Insurance Company should extend their services to the study area, its presence will assist in attaining food security in the state.