Is there demand for animal disease insurance?
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The European compensation policy for animal disease damages has recently been questioned. It has been suggested that instead of merely compensating for damages from the public funds, policies should provide incentives to reduce the risk of disease damages and that producers should be co-financing the compensation scheme. The aim of this study was to examine the views of producers on animal disease insurance and their interest in participating in various types of insurance arrangements. We sent a postal survey to all Finnish pig and poultry farms (about 2,700). The questionnaire included questions regarding the disease history, use of biosecurity measures, perceptions on the risk of animal disease, and the willingness to buy insurance. Response rates were 21% and 24% for swine and poultry farm, respectively. As much as 96% of the respondents reported to have some insurance to cover their livestock production and 81% reported to have insurance for animal diseases. The most common types of insurance were business interruption insurance (68% of the respondents) and Salmonella group insurance (67%). The mean annual premium for animal disease insurance was 630 euro, and for other livestock-related insurance 1150 euro. The willingness to expand livestock insurance coverage was on average relatively low. The most popular option to arrange insurance cover was group insurance arranged by the slaughterhouse or the egg packing company. There was positive attitude towards premiums that vary according to the risk of the farm, and less so for premiums that vary according to the risk at the regional level. The larger the farm, the more positive the respondents were towards insurance. The respondent’s education also affected the level of insurance cover that they had, but the age and gender had no statistical effect. Results suggest that there is demand for group insurance specifically designed to take the farm risk level into account. Instead, in the current good animal health situation there is no need for a broad insurance reform.