

Insurance of Animals in Republic Of Macedonia

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Abstract

The essence of insurance in livestock at animals consists in compensating damages in livestock production, due to the hazards and risks that are constantly present. Due to the nature of the production cycle, damages in animal husbandry, often cause interruption of the production process. The damage that can occur in animals are the result of certain factors and risks, which affect the production itself. In livestock production, damages in animals can be caused by risks: deaths and forced slaughter and dangers of an accident. The extension of the production process requires significant financial resources, which can be provided through compensation of damages by way of insurance.

Keywords: livestock, functions, conditions and amount.

1. Definition and essentially of the study in animal insurance

The term animal insurance means providing funds (fund formation) by joining multiple entities in order, during the occurrence of certain damages to compensate them (cover) by deploying them on multiple subjects¹. Through insurance, damages arising in animals, are reimbursed from the fund of funds, set up investments to the insured.

The essence of insurance in animals consists in compensating the damages caused to animals in livestock production, due to the hazards and risks that are constantly present. Due to the nature of the production cycle, damages in livestock mostly cause interruption of the production process. The extension of the production process requires significant financial resources, which can be provided through compensation of damages by way of insurance. Insurance in animals is done by legal and physical persons in the field of animal husbandry (insured), that are mutually connected and affected by certain risks and dangers of their animals. By paying the premium for insurance, they provide funds for compensation of damage in animals. Insurance composed

and insurers who represent legal entities (insurance companies), which after the conclusion of the insurance contract and the payment of premium, undertake to pay damages to the insured. Insurance in animal husbandry is a contractual relationship and it is regulated by an appropriate agreement.

2. Measures taken, functions of insurance and risks in animals

The damages that can occur at animals in livestock husbandry are the result of certain factors and risks, which affect the production itself. In livestock production, at animals, damages can arise from risks: deaths and forced slaughter and dangers of an accident.

Providing livestock production and animals of occurrence of certain risks and providing of damages, is done through: prevention, repression and insurance.

Prevention as a measure for providing the livestock production at animals in occurrence of certain risks, is done by taking certain measures and activities, in order to not occur the damage or to avoid damage. Therefore, measures are taken in animals to prevent the occurrence of death damages, forced slaughter and accident.

Repression as a measure for providing the livestock production from certain risks, it is carried out if the risk in livestock cause harm in animals, and its purpose is to take certain measures and activities that damage to be less.

The functions of livestock insurance can be direct and indirect protection of animals.

Direct (Immediate) protection of the animals is done by means of warning and prevention of risks, which could cause some damage in livestock production itself, while indirect protection of animals is done by insurance or by way of compensation for the caused damage and represents the basic task of animals insurance, through which the compensation of damage is done, payment of the sum insured and the insured property protection. The

¹ D-r Tihomir Jovanovski: "Economics of insurance", EMK, 1997, page 24

indirect protective function, the insurance, is legally regulated.

Risk in livestock production is a danger that can occur in animals, which occurs under the influence of some objective and subjective factors¹. Due to the impact of certain natural factors, production process in livestock is subject to some risk. The risk often occurs as an integral part of livestock production, and the same, depending on taking certain preventive measures may be reduced, increased or mitigated.

Risks in livestock production causes some material damages to the animals, which often affect the amount of the realized financial results. It is important to take account of the identification, measurement and control of risks i.e. to perform risk management. In recent years, it is a necessity for normal livestock production, to maintain their own property of legal entities and private farmers in the agricultural sector, as well as the possibility of creating more profits in livestock production.

The risk in livestock production represents future, uncertain event, occurred as a result of the influence of certain factors and natural disasters, which can cause a variety of damage in animals, and adverse economic consequences. Damages in livestock, resulting from the impact of certain insured risks, create liability for insurance companies to reimburse or pay damage. Given the above, subject in livestock insurance are risks, which can cause some damage to crops, fruits and animals.

Risks in livestock production, which are subject of insurance, should meet the following requirements: to exist a possibility for the occurrence of possible damage in livestock; damage to be of economic nature; to exist uncertainty of occurrence of risk in animals, without regard to the will of the insured; to not always occur at the same time and space; to repeat the same and to exist a possibility to monitor it statistically.

Dangers in animals arising from an accident fire, lightning, explosion, flood, storm, the trampling of animals with various vehicles, kick of some items, damage from fighting each other, external injuries from falling and slide, drowning in water and mud, wild animals injuries, snake and bee bites, shot power, accident of heat or freezing, chemical poisoning with toxins, etc. To compensate these damages, there is a need for animal insurance.

3. General and special conditions of life insurance

Subject of insurance in animals, according to the General conditions of insurance are healthy animals, animals that are grown under appropriate zoo hygienic conditions, that properly exploit and animals reached the

specified age. Insurance at equine (horses, mules, donkeys and mullahs) is done by age of 10 days up to 18 years or 21 years of age, with continuous insurance from 15 year of age, in cattle and buffalo in age from 10 days up to the age of 12 years or 15 years of age with continuous insurance from 9 years of age, in sheep and goats in age from 3 months to 6 years and in pigs in age from 21 days and lowest weight of 5 kg by the age of 7 years. Other kinds of animals are insured under special conditions for ensuring the animals.

According to Specific conditions for animal insurance, are insured chickens, fish, dogs, etc., as well as animals that are insured by special risks, such as loss of calf at birth, animals in quarantine etc. Insurance in animals can not be done at sick animals and animals that are suspicious of any disease, the exhausted, dwarfed and blind animals and animals kept in poor zoo hygienic conditions.

Animals are insured against risks of death and forced slaughter of animals and the dangers of an accident. The dangers of death and forced slaughter of animals include deaths due to illness or accident, forced slaughter due to illness or accident, etc. If it is specifically agreed, the insurance can be reimbursed and the cost of health care for animals, castration and other risks, arranged under Special conditions of animal insurance. Accident hazards in animals covers damages that may occur in animals from fire risks, lightning, explosion, flood, storm, trampling with various vehicles, kick of some items, damage from fighting each other, external injuries from falling and slide, drowning in water and mud, wild animals injuries, snake and bee bites, shot power, accident of heat or freezing, chemical poisoning with toxins, etc.

With animal insurance are not covered risks at diseases identified and incurred before the insurance, illness, forced slaughter or deaths resulting from excessive use of animal, the animal's untimely treatment, incorrect and harmful food, animal negligence, unprofessional performed castration, damages because of earthquake or explosion, theft, loss or fault of the animal, the animal slaughter without the knowledge of the insurer, stay of the animal out of from the place stated in the insurance policy, inoperative vaccination, the animal deaths because of not undertaken veterinary sanitary measures, etc.

Just before the animal insurance, it is necessary to examine the health of animals by a veterinarian, which determines health and animal identification. Examine of animals is required, not only in insurance, but the insurance renewal. The examine determines the current health condition of the animals. All those animals with symptoms of the disease may not be the subject of insurance.

² D-r Tihomir Jovanovski: "Economics of insurance", EMK, 1997, page 54

4. The amount, place of insurance and assessment of damage in animals

The amount of insurance on the animals, is the value on which animal ensures and ultimate obligation, which have to be paid by the insurer to the insured, in case of damage. The amount of insurance is determined based on the actual market value of the animal. The true value of animal depends on several factors, such as kind, gender, race, age and breeding value of the animal. The amount of insurance for large animals is determined for each animal individually, and for small animals determines the average amount. Animals are insured to the agreed value with insurer, which value can not be greater than the actual value of the animal. Young animals and animals in feed, are insured to value, which will reach at the end of insurance, or their feed, where the amount of insurance is determined separately for each animal, while small animals and animals in the herd, with approximate equality, amount of insurance can be determined as an average value or average amount of insurance.

After the insurance, and before a certain damage occurrence in animals, the insured and the insurer have the right to make changes of the hazard or risk during the insurance itself. Due to a change of the threat in conditions of increased risk in animals, the insurer has the right to cancel the contract of insurance or to propose increased premium rate, while due to the reduced risk, the insured is entitled to demand an appropriate reduction of premium, from the day when he was informed by the insurer, that the risk on which the animals are insured is reduced.

Determination and assessment of the the damage in animals is performed by the insured and the insurer, in the presence of a veterinarian. Damage occurred to the insured animal is determined on the spot, with assessment of the corpse or parts obtained by slaughtering the corpse, and during the assessment of the actual damage to the insured animal is taken into account the market value of the animal, of which is deducted the value of products obtained from the use of the animal due the sale of certain parts of the added costs incurred, which are recognized in connection with actions taken for use of the animal¹.

5. Tariff of premium for animal insurance and use of premium rates

The tariff of the premium of insurance (premium rate) in animals, is a set of premium rates in one type of insurance or any insurance, which performs an insurance company, during the insurance of animals. The tariff of the premium of insurance at animals, simultaneously, is a

price list of the insurance premium, which determines the price of risk of animal insurance. Tariffs on insurance in animals, adopt insurance companies with separate regulations, which included General and Specific terms and conditions (principles) for insurance premiums of animals, on which base the policy is made and sign a contract of insurance.

In the animal insurance, premium rates for insurance tariff are classified into 6 groups of hazards, depending on the kind and category of animals, of which five groups of hazards are related with insurance of adult animals, while the sixth group of hazards is applicable in insurance of young animals. The distribution of animals in their insurance in five groups of hazards, is done depending on the size of the risk. The sixth group of hazards of animal insurance is applied to young animals with life of insurance in stallions from 10 days up to 6 months of age, the calves from 10 days up to 2 months of age, fattening calves in white from 10 days to 3 months of age and to pigs from 21 days and slightest weight of 5 kg up to the age of 2 months.

6. General and specific provisions of the tariff of premium in animal insurance

The general provisions of the tariff of insurance in animals, are adopted by insurance companies, with a special regulation, in which are entered general requirements and principles for the application of the insurance premiums of animals, on which base is made the policy and sign a contract of insurance.

Insurance for premiums of animals, insurance companies with a special directive has specified or increase and decrease based on actual technical results from insurance in animals. The term technical results from insurance in animals means relationship between the technical premium and claims incurred expressed as a percentage. For premium correction is used the average technical result, which is calculated based on the arithmetic mean of the technical results, obtained for the previous period of last five years of insurance, which serves as a correction factor.

In addition to the general provisions of the tariff of insurance in animals, which included general conditions and principles for the application of insurance premiums, insurance companies with separate regulations adopt special provisions of the tariff premium of animals, that apply to the following tariff groups and risks of insurance²: animal insurance of risk by death, forced slaughter or killing due to illness or accident; animal insurance of risks during the stay in quarantine; insurance of animals from the risks of castration and ovariectomy;

³ Petar Ganchevski "Theory and practice in insurance activities", (Animal insurance), NID "Mikena" Bitola, page 567

⁴ "Tariff of premium for animal insurance", Manual of JSC for insurance "QBE – Macedonia" and JSC for insurance "Vardar"

animal insurance of risks during maintenance of exhibitions; animal insurance of risks during when in collection; insurance of animals intended for slaughter; insurance of sheep due to a risk disease and accident; insurance of bees; insurance of dogs; dog Insurance concerning vaccination and dehelminthization; insurance of exotic animals in and out of zoos; insurance of breeding male heads of risk loss of breeding capability; insurance of otters; insurance of birds or chickens; insurance of risk losing the ability for breeding heifers and cows; animal insurance of risk losing the calf and foal in childbirth; insurance of trout and carp insurance.

Conclusion

1. The damage that can occur in livestock are the result of certain factors and risks, which affect the production itself. In livestock production damages can arise from risks: deaths and forced slaughter and dangers of an accident. The extension of the production process requires significant financial resources, which can be provided through compensation of damages by way of insurance.
2. Securing the livestock production of occurrence of certain risks and securing the damages is done through: prevention, repression and insurance.
3. Large and unpredictable risks in livestock production in the last years and higher premium rates significantly lowered the interest of the insurance companies and livestock producers for insurance in livestock production.
4. Insurance systems of animal in livestock production in some highly developed countries in Europe, is such as to use stimulation for insurance by subsidizing insurance premiums, but the insurance coverage expressed by the number and types of animals remains minimal.
5. Although agriculture in the structure of the social product Republic of Macedonia is 12%, however in agricultural insurance in Republic of Macedonia in a total insurance is only 1.2%, which indicates that the risks in agricultural production are very large, so insurance companies often reluctant to carry insurance of agricultural production, or if they do, they do it with high premium rates which affect non simulative to the farmers and legal entities in area of the agriculture in insurance of their own production.

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