

more than 1 km. The insurance agency uses the information in these reports to estimate the number of field inspectors needed and the approximate dates of peak field activities.

Three kinds of field inspections are made. The first inspection is normally made a few weeks after emergence of the crop. Its purpose is to verify that the insured crop was planted, and that plant density and general vigor are satisfactory. The group representative and the members needed to locate the parcels must accompany the field inspector. After each parcel is checked, the inspector draws up a legal document specifying the conditions of the crop. The document is read to all those present and signed by each. The inspector does not inform the farmers at this time whether the parcel is accepted or rejected; this decision is made later by a higher agency official.

The second kind of inspection is made when insured farmers report crop damage due to natural causes. The farmer must advise the insurance agency within 72 hours of the time the damage occurs. The agency must inspect the damaged crop within a period of time specified by the law governing ANAGSA. The damaged crop is inspected by the agency field inspector, accompanied by the bank inspector, group representative, and the farmer concerned. The inspector draws up a legal document specifying the nature and extent of damage and has it signed by all present.

The third kind of inspection is made just before harvest. All plantings that have been reported as being damaged during the year, are inspected to determine how much they should produce. The field inspector reports this information to a higher agency official who decides on indemnization.

Up until 1973, the inspection at harvest time was made on all parcels belonging to the farmer reporting damage, not just the damaged parcel. This was because the insurance agency did not consider the insured unit as a single parcel, but as all parcels of the farmer concerned. Field inspectors, therefore, estimated the yields of all the parcels and took an average. If this yield was greater than the limit below which indemnization was paid, the farmer received no compensation, even though one of the parcels were a total loss. This procedure for determining indemnization has been the principal source of dissatisfaction with the service of the insurance agency among the farmers.

Aware of the farmers' attitude toward the insurance agency's procedure for approving indemnization, the Puebla Project staff consulted with the agency's director in 1972 about ways to resolve the problem. The insurance agency agreed to treat parcels separated by more than 1 km as separate insured units. This modified policy went into effect in 1973.

Crop Insurance Related Problems That Limit Farmer Use of Official Credit

Crop insurance in Puebla is seen as a major factor limiting farmer use of official credit. Although information collected in surveys indicates that farmers feel crop insur-

ance is necessary in the region, the majority of them would not use it under present circumstances, if it were optional. As the farmers see it, the insurance agency is protecting the banks against losses, but not themselves.

To gain the confidence of the farmers in Puebla, changes must be made in the insurance agency's operating procedures. In addition, closer cooperation is needed with the credit banks and the Puebla Project, in coordinating effectively the field activities of agency inspectors, bank inspectors, and technical assistance agents. Several activities that could increase the effectiveness of the insurance agency are:

- (a) informing the farmers of the crop insurance law: Most farmers have little or no knowledge of the crop insurance law, even about essentials such as the time period for advising the insurance agency in case of crop damage. However, field inspectors of the agency and banks, together with Project technicians, could provide instructions about the role of crop insurance, rights and obligations of the insured, and other operating procedures.
- (b) defining the criteria for rejecting plantings because of "imminent risks": At the present time the insurance agency rejects plantings because of "imminent risks." Apparently, however, the reasons for rejecting such plantings are not well-defined. This creates dissatisfactions among farmers and can be avoided by precisely defining the nature of "imminent risks."
- (c) informing the farmers promptly about the acceptance or rejection of their plantings and their right to indemnization. After the field inspectors look over a planting and prepare a report, farmers usually conclude that the planting is insured. This may or may not be the case, however, since the decision to accept or reject a planting is made in the Puebla office of the agency. Similarly, in the case of inspections at harvest time, farmers may erroneously conclude that their claim has been accepted when the inspector makes no statement to the contrary. It is important that farmers fully understand how decisions are made on these matters and that they be advised within a few days following inspections of the action taken by the insurance agency.
- (d) developing a field inspection procedure that is more efficient for a highly fragmented area such as Puebla. Farmers in Puebla have an average of about 3 cultivated hectares distributed among three to four parcels that are often separated by a kilometer or more. Many of these parcels cannot be reached by vehicle; thus, the process of inspecting parcels is very laborious and expensive, resulting in long delays in making inspections and more problems for the farmer. Because of delays in inspections at harvest time, for example, the farmer may be required to postpone cutting and shocking his maize and plowing the land. As a result of such delays, farmers may not be able to plant early with residual moisture the following spring.

A procedure similar to that used by the original mutual crop insurance associations might be a possible solution to this problem. Each group would name a