

## **Term Sheet-Crop Loan Insurance Scheme Plus (CLIS+)**

No.	Particulars	Key Features
1	<b>Participants</b>	<ul style="list-style-type: none"> <li>▪ All commercial, specialized and microfinance banks (MFBs), hereinafter referred to as banks, involved in agricultural financing.</li> <li>▪ All reputed insurance companies interested in participating in the scheme.</li> </ul>
2	<b>Scope of Scheme</b>	<p>Insurance scheme will be mandatory and applicable on:</p> <ol style="list-style-type: none"> <li>1. all crop production loans, collateralized or uncollateralized, for crops including Wheat, Rice, Sugarcane, Maize, Cotton, and Potato</li> <li>2. all borrowers availing loans, however premium subsidy will be applicable to the eligible borrowers only.</li> </ol>
3	<b>Insurance Premium Subsidy</b>	<p>Borrowers with following landholdings will be eligible for premium subsidy:</p> <ul style="list-style-type: none"> <li>▪ up to 25 acres across the country [except Baluchistan]</li> <li>▪ up to 32 acres in Baluchistan</li> </ul> <p>The Government of Pakistan shall bear the cost of insurance premium up to a maximum of 2% per crop per season, exclusive of applicable levies.</p>
4	<b>Proof of Cultivation for Eligible Crops</b>	<ul style="list-style-type: none"> <li>▪ Any land revenue document that proves the crop cultivation or</li> <li>▪ Alternate documents defined under ACFID Circular No. 02 of 2024 i.e. Digital survey report issued by reputed Agri. tech company or Bonafide certificate issued by bank.</li> </ul>
5	<b>Risks/Perils Covered</b>	<p>Indemnity would be payable on the occurrence of production loss due to:</p> <p><b>Type I:</b> Natural calamities like heavy rains, floods, and drought determined through tech-based calamity triggers.</p> <p><b>Type II:</b> Natural calamities like hailstorms, frost, heatwaves and crop diseases (viral and bacterial attacks, or any other damage caused to the produced by any disease) and pest infestations (locust attack) to be declared by the relevant government authorities.</p>

6	<p><b>Calamity Confirmation Framework</b></p>	<p>In case of occurrence of a calamity equivalent event due to any of the insured perils, indemnity shall be payable as per following framework:</p> <p><b>Type I</b>  For type I perils:</p> <ul style="list-style-type: none"> <li>▪ The designated Technology Partner(s) shall issue hazard alerts and certificates based on predefined numeric thresholds.</li> <li>▪ Post-harvest yield modelling shall be conducted at Tehsil level.</li> <li>▪ A contractual claim trigger will be constituted if the certificate confirms yield loss of 50% or more with a modelling reliability of at least 90%.</li> <li>▪ Under this type of peril, the Insurance Consortium shall initiate the claim settlement process based on the certificate issued by the Technology Partner, without requiring the issuance of any declaration/notification by the Government.</li> <li>▪ The Technology Partner will only certify the hazard occurrence and yield loss for contractual purposes. However, Government is the exclusive authority for declaration of calamity.</li> </ul> <p><b>Type II</b>  For type II perils,</p> <ul style="list-style-type: none"> <li>▪ Calamity shall continue to be declared/notified by the respective Provincial Government, Revenue Authority, or Competent Authority under applicable disaster management laws.</li> <li>▪ Insurance Consortium shall initiate claim settlement process upon issuance of notification by the relevant government authorities.</li> </ul>
7	<p><b>Claim Validity</b></p>	<p>A Valid claim shall be payable where:</p> <ol style="list-style-type: none"> <li>1. The insured crop is located in an area that has either been certified by the Technology Partner as meeting the predefined trigger thresholds for Type I perils or has been officially declared calamity-affected by the Provincial Government or the Revenue Authority for Type II perils.</li> <li>2. The damage to crop resulted from any insured peril.</li> <li>3. Yield loss is more than 50% at tehsil level.</li> </ol>

8	<b>Premium &amp; Technology Fee</b>	<p><b>Insurance Premium:</b> 2.0% per crop per season exclusive of Govt. levies.</p> <p><b>Technology Cost:</b> 0.40% of the total sum insured of loan amounts under the agreement exclusive of Govt. taxes and levies to cover the tech-based assessment cost.</p>
9	<b>Payment of Premium &amp; Technology Fee</b>	<p>At the time of disbursement of production loan,</p> <ul style="list-style-type: none"> <li>▪ insurance premium of borrowers covered under the subsidy scheme shall be paid upfront by the banks to insurance companies. However, technology costs collected by banks from borrowers shall be remitted to the technology partner’s designated account maintained with the bank.</li> <li>▪ Insurance premium of borrowers, not eligible for subsidy, will be collected by the banks upfront from the borrowers to deposit in the insurance companies’ collection account maintained with the bank for the purpose.</li> </ul>
10	<b>Coverage Period</b>	<p>The insurance cover will be available for the period from sowing/transplanting of the crop to its harvesting.</p>
11	<b>Sum Insured</b>	<p>Sum insured will be:</p> <ol style="list-style-type: none"> <li>1. based on the per acre borrowing limits as defined in SBP Report on “Credit Estimation and list of eligible items”.</li> <li>2. up to the maximum loan amount for eligible crop production.</li> </ol>
12	<b>Additional Benefits to the Borrower</b>	<p>Under this scheme, following benefits will be paid to all borrowers whose crop is in the calamity certified/declared/notified area:</p> <ul style="list-style-type: none"> <li>▪ One-time loss of income payment of Rs. 15,000 for male and Rs. 17,500 for female farmers.</li> <li>▪ Personal Accident (PA) and bodily injury coverage of up to Rs. 250,000 for male and Rs. 275,000 for female farmers.</li> </ul> <p>These payments will be made directly to the borrower’s accounts through bank transfers or digital wallets.</p>
13	<b>Aggregate Liability of the Insurer</b>	<p>Aggregate liability of this scheme is limited to 300% of the total premium received by the insurance companies during the year or repayment period of respective cropping season.</p>

14	<b>Reimbursement of Premium Claim</b>	<p>The bank will submit the premium claim paid on behalf of eligible farmers, for subsidy, to SBP for reimbursement from the Government as under:</p> <ul style="list-style-type: none"> <li>a) For Rabi crops by 31<sup>st</sup> December</li> <li>b) For Kharif crops by 30<sup>th</sup> June</li> </ul> <p>The Ministry of Finance (MOF) shall release funds to SBP’s CLIS account prior to the commencement of the relevant cropping season for reimbursement to banks against their duly verified insurance premium claims. SBP shall submit a summary of the verified claims to the MOF for approval and arrange reimbursement to banks from the CLIS account maintained with SBP.</p>
15	<b>Settlement of Loss Claim</b>	<p>Upon “issuance of certified yield loss report” by the Technology Partner for Type I perils and declaration of calamity by the relevant Government authority for type II perils to banks and Insurance consortium:</p> <ul style="list-style-type: none"> <li>▪ Banks will submit the insurance claims to the Insurance Consortium within fifteen (15) working days.</li> <li>▪ After reconciliation and finalization, insurance consortium will settle the claim with bank within 30 working days.</li> <li>▪ Upon receipt of claim, bank will credit the insured borrowers’ loan account within five working days.</li> <li>▪ Government notification (if issued subsequently for Type I perils) shall not delay contractual settlement.</li> </ul>
16	<b>Insurance Procurement Agreements</b>	<ul style="list-style-type: none"> <li>▪ All insurance arrangements will be managed through the mandatory formation of Insurance Consortium, comprising all insurance companies willing to participate in the scheme.</li> <li>▪ Insurance Consortium will have minimum of five (05) Non-Life Insurance companies with at least 02 companies having rating of AA++ by PACRA or VIS.</li> <li>▪ Banks will submit copies of standardized insurance agreements duly signed by the banks and the pool of Insurance companies containing all details of the policy including premium rate to MOF, SBP and SECP for perusal and record.</li> </ul>
17	<b>Data Sharing</b>	<p>IAP will develop a centralized digital portal for recording and reporting of insurance data accessible to SECP, Insurance companies, banks, and SBP.</p>
18	<b>Exclusions</b>	<p>As per standard exclusions applicable to this class of business.</p>