

Title: VIABILITY OF CROP INSURANCE IN KENYA

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ABSTRACT

Farmers have for a long time suffered losses due to adverse weather conditions and fluctuating prices. Recently crop insurance has been the emphasis for farmers to protect their income from adverse conditions. This study has investigated the viability and expansion of crop insurance and made a comparison on weather indexed insurance and traditional crop insurance to determine whether traditional crop insurance could still work even with the over emphasis on weather indexed insurance. To provide answers to the research questions quantitative methods were employed. Use of simulation of variables, correlation tests, and regression analysis were the major quantitative tools used to analyse the data availed.

The findings indicate that there is a high correlation between production and weather specifically rainfall, and production and gross claims of crop insurance cover. The farmers face a high exposure to failure in crop yields due to weather risks hence make crop insurance viable and increase opportunities for insurance companies to develop more insurance products to suit different crops hence risk reduction and expansion of crop insurance.