Characteristics and breeders responses to beef cattle insurance

A Amrawaty, A Asnawi, Hastang and S Nurlaelah
Department of Socio-economic, Faculty of Animal Science, Hasanuddin University, Jalan Perintis Kemerdekaan KM. 10 Makassar, Indonesia, 90245.

Email: amidah@unhas.ac.id

Abstract. Beef cattle breeding business has various types of risks caused by accidents, natural disasters, and disease outbreaks. One of the government programs to provide protection for beef cattle business is Beef Cattle Business Insurance (AUTS). This study aimed to determine the farmers' perceptions of AUTS. The research was conducted in the East Sinjai District, Sinjai Regency with the type of quantitative descriptive research. The research sample was 60 breeders who were taken using simple random method. Data were collected through interviews by using questionnaires. Data were analyzed using descriptive statistics using a Likert scale, namely 1 = disagree, 2 = neutral, 3 = agree. The results showed that the farmers' perceptions of AUTS were: (1) AUTS information; (2) application of AUTS; (3) requirements and process for submitting AUTS; (4) approval and payment were in the agree category. Breeder response or perceptions of AUTS were in the agreed category. This can occur because of the positive appreciation from farmers for AUTS issued by the Ministry of Agriculture which provided protection for breeders in raising cattle.

1. Introduction
Risk factors in beef cattle farming such as death caused by disease outbreaks, natural disasters and accidents are still challenges faced by breeders in general. According to data from the 2008 National Animal Husbandry Household Survey, the Central Statistics Agency and the Directorate General of Animal Husbandry, especially in beef cattle production centers in Indonesia, South Sulawesi is the area with the highest mortality rate followed by NTT and NTB (National Animal Husbandry Household Survey, 2008; Central Bureau of Statistics and Directorate General of Animal Husbandry, 2013). This mortality rate will certainly have an impact on the productivity of the cattle farming business. If the productivity decreases, it will become an obstacle to efforts to increase beef cattle production nationally.

The government issued Law No. 19 of 2013 concerning Protection and Empowerment of Farmers and Minister of Agriculture Regulation No.40 / Permentan / SR.230 / 7/2015 concerning Agricultural Insurance Facilities. Basically rule No. 19 of 2013 aims to realize farmer sovereignty and independence in order to improve the level of welfare and quality of life. Agricultural insurance is a risk transfer that can provide compensation for farm losses so that the sustainability of farming can be guaranteed. Furthermore, in 2017 the Ministry of Agriculture, through the Directorate General of Agricultural Infrastructure and Facilities, also allocated Beef Cattle Business Insurance (AUTS).

Cattle Livestock Business Insurance is an agreement between the insurance company as the insurer and the breeder as the insured where by receiving the insurance premium, the insurance company will
provide compensation to the farmer because the cow died due to disease, accident, birth, and/or loss in accordance with the terms and conditions of the insurance policy [1].

Some areas in South Sulawesi, the AUTS facility has also been used by several breeders, including those in Sinjai and Bantaeng Districts. Since 2016-2018 there have been approximately 6,306 individuals registered in this credit facility. From 2016, 80 cows have been recorded whose claims have been paid as a form of death risk coverage due to sickness, childbirth and accidents.

Some breeders have enjoyed the benefits of the AUTS, but not a few of them still refuse and have not used AUTS facilities. This policy will certainly have an impact on both the social and economic aspects of farmers. The achievements and obstacles of implementing this policy, both from the government, Jasindo insurance and breeders need to be identified so that the goals and objectives of AUTS as a form of risk coverage can increase. This is expected to boost productivity and accelerate the growth of local cattle production.

Based on the background and description, the objectives of this study was to identify the community's response, especially to AUTS facilities in Sinjai Regency.

2. Method
This research was conducted in Sinjai Regency, with the consideration that the district has implemented AUTS facilities. This research was conducted from February to November 2020. The data collected included primary data and secondary data. Primary data includes farmers' perceptions of AUTS with the following variables: (1) AUTS information; (2) the application of AUTS; (3) requirements and process for submitting AUTS; (4) approval and payment of claims. Secondary data includes: data on target and realization, the number of claims obtained from related agencies and other supporting data such as: cow population, mortality rate, birth rate, etc. obtained from the Livestock and Animal Health Service Office of Sinjai Regency. Data were collected either through interviews, documentation, and observation and were analyzed descriptively [2].

3. Results and discussion
Based on the results of the study, it showed the characteristics of breeders in the East Sinjai sub-district as shown in table 1. Age was one of the factors that greatly influences the work productivity of the breeder, where age was related to work ability and mindset in determining the appropriate form and shape and management pattern in managing a beef cattle business. Breeders who were still young and in good health have greater productivity because they were supported by a strong workforce, compared to breeders who were physically elderly who have decreased their productivity. However, older breeders have more experience. According to [3], based on the classification of productive and unproductive ages, the productive age ranges from 15-55 years, and at this age the physical ability of farmers was very influential to work optimally. Like the breeders in East Sinjai Subdistrict, Sinjai Regency, they have different age levels, ranging from 20 years to 72 years of age.

Table 1 showed the level of education pursued by all respondents indicating variations, from elementary school to higher education. Based on table 1, it showed that the education of beef cattle breeders was relatively low with the largest proportion of elementary education level (43.33%). It appeared that most breeders have a low level of formal education. Breeders with low levels of education will hamper their ability to adopt a technology. This was in accordance with the opinion of Lukas [4] which states that breeders who have a high level of education will be quicker to receive and understand new information and be able to make innovative changes in livestock management.

The number of family members was the number of family members that were born by the head of the family. Family members consisted of the head of the family, wife, children and other family members who were the responsibility of the head of the family. The results showed that the respondents who had the most number of family members were between 3-4 people, namely 33 people (55%), then 5-6 people as many as 13 people (21.67%). Breeders who have many family members as dependents have labor capital, because they will help manage the livestock business, because traditional breeders/
community farms generally work directly involved in raising cows, which is labor that comes from their own family members.

Table 1. Characteristics of cattle breeders.

| No | Characteristics         | Number of Respondents | Percentage |
|----|-------------------------|-----------------------|------------|
| 1  | Age of Cattle Breeders  |                       |            |
|    | 29-30                   | 1                     | 1.67       |
|    | 31-40                   | 12                    | 20         |
|    | 41-50                   | 25                    | 41.67      |
|    | 51-60                   | 20                    | 33.33      |
|    | >61                     | 2                     | 3.33       |
| 2  | Education               |                       |            |
|    | Elementary School       | 26                    | 43.33      |
|    | Junior High School      | 12                    | 2.0        |
|    | Senior High School      | 20                    | 33.33      |
|    | Higher Education        | 2                     | 3.34       |
| 3  | Number of Family        |                       |            |
|    | 1-2                     | 6                     | 10         |
|    | 3-4                     | 33                    | 55         |
|    | 5-6                     | 13                    | 21.67      |
|    | 7-8                     | 8                     | 13.33      |
| 4  | Breeding Experience     |                       |            |
|    | 10-20                   | 41                    | 68.33      |
|    | 21-30                   | 9                     | 15         |
|    | 31-40                   | 7                     | 11.67      |
|    | 41-50                   | 3                     | 5          |

Breeding experience was the length of time a person has been involved in a beef cattle business expressed in years. Breeding experience greatly determined the success rate of breeders in managing their business because the longer the farmer manages his farm business, the more experience was gained in getting to know matters related to beef cattle farming, especially in terms of maintenance, disease prevention, disease treatment and in terms of making decisions for a policy. Thus the level of success was greater because experience was the best teacher.

Based on the results of the study, it can be explained that most respondents have 10-20 years of farming experience, namely as many as 41 people (68.33%). So that breeders in East Sinjai District can be said to be experienced in continuing their business because they already feel how profitable it was to raise beef cattle. Those who often experience losses have the confidence that someday they will also enjoy the benefits if they keep on trying.

3.1. Farmers perception toward cattle business insurance

Farmers perception toward cattle business insurance program at East Sinjai Residence can be seen in table 2.

Table 2 showed that the total score for farmers' perceptions of AUTS was 571, which means that it was in the agree category (560 - 720). This occurred because of the positive appreciation from farmers for AUTS issued by the Ministry of Agriculture which provided protection for breeders in raising cattle.

According to [5] cattle insurance was an important program to support the agricultural sector, especially livestock, given the important role of cattle insurance, not only for breeders but for various parties such as: 1) for breeders, as a driver of good livestock governance, protecting against risk of loss, increasing farmers' access to financial institutions; 2) for an insurance company as a product to develop its business; 3) for financial institutions as guarantor in providing capital credit to livestock businesses; 4) for the
government as an alternative to reducing beef imports and as a supporter of the beef self-sufficiency program.

Table 2. Farmers perception toward beef cattle insurance.

| No | Statement                          | Answer Category | Score | People | Total % | Score |
|----|-----------------------------------|----------------|-------|--------|---------|-------|
| 1. | Information AUTS                  | Agree          | 3     | 31     | 51.67   | 93    |
|    |                                   | Neutral        | 2     | 23     | 38.33   | 46    |
|    |                                   | Not agree      | 1     | 6      | 10.00   | 6     |
|    | Total                             |                |       | 60     | 100     | 145   |
| 2. | Implementation                    | Agree          | 3     | 32     | 53.33   | 96    |
|    |                                   | Neutral        | 2     | 20     | 3333    | 40    |
|    |                                   | Not agree      | 1     | 8      | 13.34   | 8     |
|    | Total                             |                |       | 60     | 100     | 144   |
| 3. | Requirements and submission process | Agree        | 3     | 30     | 50.00   | 90    |
|    |                                   | Neutral        | 2     | 23     | 38.33   | 46    |
|    |                                   | Not agree      | 1     | 7      | 11.67   | 7     |
|    | Total                             |                |       | 60     | 100     | 143   |
| 4. | Approval and payment claims       | Agree          | 3     | 30     | 50      | 90    |
|    |                                   | Neutral        | 2     | 19     | 31.67   | 38    |
|    |                                   | Not agree      | 1     | 11     | 18.33   | 11    |
|    | Total                             |                |       | 60     | 100     | 139   |

The risks covered in a cattle insurance policy were: a) the death of a cow due to disease; b) death of cows due to accidents, including death due to calving; c) lost/stolen cows. Meanwhile, the risks that were not guaranteed were: a) force majeure, which is an extraordinary event or outbreak that was determined by the Government; b) cattle culling due to an epidemic which was carried out on the orders of the authorities; c) the death of a cow due to the insured's negligence in raising livestock; d) mass riots, strikes, employee clashes, wars, rebellions, insubordination, and radioactive contamination; e) disease in a cow that was already existing at the time the insurance was applied or the cow was still healing; f) confiscation of cows by order of the authorities; g) cow deaths due to earthquakes, tsunamis, natural explosions, volcanic eruptions, floods, atmospheric disturbances such as hurricanes and the like [6].

The process of disbursing funds when the farmer made a claim makes the development of Cattle Livestock Business Insurance better. After the farmer submitted the documents that must be fulfilled at the time of the claim, the disbursement of the realization was immediately obtained, and it takes a long time, and before that the insurance company conducts a survey to ensure that the application for claim payment was eligible to be paid. Farmers really benefit from this insurance. This was in accordance with the opinion of [7] which stated that the claim approval was carried out by the insurance company as the executor of examining the minutes of death and / or loss examination results, and then issuing a claim approval letter within 14 (fourteen) working days from the date of date of receipt. Payment of claims by the insurance company itself as the executor, shall pay claims within 14 (fourteen) working days starting from the date of claim approval and claim payments are made by book-entry (transfer) to the insurance.

In addition, the requirements that must be met when they want to process a guarantee claim are not an obstacle for breeders in the process of implementing Cattle Livestock Business Insurance. The requirements included, among other things, a statement from a veterinarian that proves that the livestock died from disease or other causes, and an official report of death if the livestock died due to an accident or other disaster. This was in accordance with the opinion of [8] explaining the stages if a cow dies, the farmer must contact the local veterinarian to conduct an examination to find out the cause of death of his livestock. Then look for a letter from the veterinarian and contact the officer or assistant to check
that the cattle are dead and look for a registration form. Furthermore, the farmer documents the dead cattle and the ear tag must be seen in accordance with the registered number. If the ear tag number was lost, the livestock cannot be claimed for insurance. Cattle whose ear tag number was still intact shall immediately report to PT Jasindo according to the form and requirements that must be filled in and PT Jasindo will verify the proposed insurance policy. Jasindo then received and verified the deaths of livestock.

4. Conclusion
The results of research concluded that farmers' perceptions toward AUTS with the following variables: (1) AUTS information; (2) the application of AUTS; (3) requirements and process for submitting AUTS; (4) approval and claim payment were in the agree category.

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