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NICOZDIAMOND  
INSURANCE LIMITED

a member of FIRST MUTUAL HOLDINGS LIMITED

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## Agricultural insurance

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**Agricultural Produce Can Be Insured Too!**

**Travel Considerations during the COVID-19 Pandemic**



## Agricultural Produce Can Be Insured Too!

Short-term insurance is typically associated with provision of cover for property such as buildings, motor vehicles, stocks, business and household contents and other movable property. Travel insurance and personal accident covers are also popular types of short term insurance. Rarely do individuals realise that agricultural output can also be insured. Agricultural insurance deserves special focus considering that the sector contributes approximately 17 percent to Zimbabwe's GDP. As the main source of livelihood for the majority of the population, the performance of agriculture is a key determinant of rural livelihood resilience and poverty levels, according to Food & Agricultural Organisation (FAO). In recent years, there has been a growing interest in insuring small-scale farmers given agriculture's major social and economic significance.

Agriculture remains a very risky business sensitive to volatilities in weather and climate conditions as evidenced by the rising global insurance revenues. The variation in weather patterns is a major threat to agricultural productivity which relies heavily upon stability of weather conditions. To cushion against the various risks linked with agriculture, farmers continue to invest heavily in technologies and methods geared at minimising the impact of unfavourable conditions. Thus the introduction of crop rotations, irrigation schemes, development of drought resistant seed varieties, inter-cropping as well as cultivation in controlled environments such as green houses. Despite all these initiatives, the

residual financial risks remain very high should the unwanted risks materialise. The rising incidence of catastrophic weather events driven by global warming further aggravates the risks faced by farmers today. Consequently this has necessitated intervention in the form of insurance. Typical agricultural insurance policies protect the policyholders against drought (little rainfall), hail and windstorm damage, flooding on the crop field, fire as well as frost. Insurance may also be available for produce in transit to auction floors referred to as from field to floor cover. The cover protects the produce against fire, vehicle overturning, collision, theft of produce and hi-jacking.

The cover basis for agricultural insurance is normally either on a per yield basis or input cost basis. Under the yield cover basis the sum insured is determined as the yield expected for a given size of land for example the tonnes of maize expected per hectare. The expected yield is arrived at by considering historical data and trends derived from the data. Under input cost basis the sum insured is considered to be the cost of inputs used in the production of the crop. Input cost basis ensures business viability as it capacitates farmers to continue their agricultural operations in the next farming season. Ultimately insurance improves the security of farmers and hence enables farmers to access credit markets. Traditionally, only commercial insurance farmers insured their operations and crops. In Zimbabwe, NicosDiamond Insurance offers agriculture insurance for a wide spectrum of crops ranging

from tobacco, summer crops (maize and soya beans), winter crops (wheat and barley) and horticultural produce such as tomatoes.

A new type of cover targeted specifically at small scale farmers, called weather index insurance, was developed due to the high costs associated with traditional agricultural insurance. Traditional cover requires agronomists and other agricultural specialists to be involved in assessing the existence of loss as well as the extent of loss. The index based (weather based) cover is centred mainly on one peril for instance in Southern Africa this is normally drought i.e. lack of rainfall. Payment of claims does not depend on yield levels but will be determined scientifically when actual weather conditions breach pre-determined threshold levels. For example if rainfall level falls below a certain amount claim payments are automatically made to all affected policyholders regardless of whether their expected yield was affected negatively by lack of rain. For this type of cover payment of claims does not need prior assessment to be conducted by agricultural specialists.

The important take away should be that timely insurance pay-outs after crop losses can help small holder farmers prevent the sale of assets should disaster strike. Insurance can also be a catalyst, as lenders will be more likely to extend credit to farmers covered by insurance, allowing them to make productivity-enhancing investments.



## Travel Considerations during the COVID-19 Pandemic

*Are you considering rescheduling travel that you had to cancel because of COVID-19?*

Are you considering rescheduling travel that you had to cancel because of COVID-19? As your travel insurer of choice, NicozDiamond encourages you to consider the following points to note:

- Is COVID-19 spreading at your destination? The more cases at your targeted destination, the higher the risk of getting an infection so you might have to reconsider.
- Increased risk of spreading COVID-19 to your loved ones – Should you get infected while traveling, you can spread the virus to loved ones upon your return even if you are not exhibiting any symptoms.
- Are you at increased risk for severe illness from COVID-19? Anyone can get very ill from the virus that causes COVID-19, but older adults and people of any age with certain underlying medical conditions are at increased risk for severe illness from COVID-19.
- Does your destination have requirements or restrictions for travellers? If you are traveling internationally, check the destination's Embassy, Foreign Affairs or Ministry of Health for details about entry requirements and restrictions for arriving travellers, such as mandatory testing or quarantine.

### Tips to avoid getting and spreading COVID-19 in common travel situations:

#### In public:

- Wear a mask in public settings.
- Stay at least two metres (about 2 arms' length) from anyone who is not from your household.

#### Bathrooms and rest stops:

- Wash your hands with soap and water for at least 20 seconds after using the bathroom and after you have been in a public place.
- If soap and water are not available, use a hand sanitiser that contains at least 60% alcohol. Cover all surfaces of your hands and rub them together until they feel dry.

#### Hotels and accommodations:

- Check the hotel's COVID-19 prevention practices before you go
- Use options for online reservation and payment.
- Look for any extra prevention practices being

implemented by the hotel, such as plexiglass barriers at check-in counters, and physical distancing signs in the lobby.

- Ask if the hotel has updated policies about cleaning and disinfecting or removing frequently touched surfaces and items (such as pens, room keys, tables, phones, door knobs, light switches, elevator buttons, water fountains, ATMs/card payment stations, business centre computers and printers, ice/vending machines, and remote controls).

#### Food stops:

- The safest option is to carry your own food. If you don't carry your own food, it is best to use drive-through to buy your food for a road trip.

#### Anticipate Your Travel Needs

- Bring a mask to wear in public places.
- Pack hand sanitiser with at least 60% alcohol. Keep this within reach.
- Bring enough of your medicine to last you for the entire trip.

- Pack food and water in case restaurants and stores are closed, or if drive-through, take-away, and out door-dining options aren't available.
- If you are considering cleaning your travel lodgings, see CDC's guidance on how to clean and disinfect.

### Check Travel Restrictions

Depending on your travel destination, restrictions may be in place including testing requirements, stay-at-home orders, and quarantine requirements upon arrival. Prepare to be flexible during your trip as restrictions and policies may change during your travel. If traveling internationally or across international borders, check with the destination's embassy, Foreign Affairs or Ministry of Health for details about entry requirements and restrictions for arriving travellers, such as mandatory testing or quarantine. Local policies at your destination may require you to be tested for COVID-19 before you are allowed to enter the country. If you test positive on arrival, you may be required to isolate for a period of time.

### After You Travel

You may have been exposed to COVID-19 on your travels. You may feel well and not have any symptoms, but you can be contagious without symptoms and spread the virus to others. You and your travel companions (including children) pose a risk to your family, friends, and community for 14 days after you were exposed to the virus. Regardless of where you travelled

or what you did during your trip, take these actions to protect others from getting sick after you return:

- When around others, stay at least 2 metres (about 2 arms' length) from other people who are not from your household. It is important to do this everywhere, both indoors and outdoors.
- Wear a mask to keep your nose and mouth covered when you are outside of your home.
- Wash your hands often or use hand sanitiser (with at least 60% alcohol).
- Watch your health and look for symptoms of COVID-19. Take your temperature if you feel sick.
- Stay home as much as possible.
- Avoid being around people at increased risk for severe illness from COVID-19.
- Consider getting tested for COVID-19.

If you know that you were exposed to someone with COVID-19, postpone further travel. If you get any symptoms of COVID-19, follow the stipulated guidelines concerning medical attention.

### Remember safety first

Even the best plans may need to be set aside when illness strikes. Know when to delay your travel to avoid spreading COVID-19. If you feel sick before your planned travel, stay home!.

Source: Centre for Disease Control (CDC)





First Mutual Wealth (FMW), a subsidiary of First Mutual Holdings Limited is a registered investment company under the Securities and Exchange Commission. We offer a variety of wholesale investment products in the form of stand-alone segregated portfolios to pension funds, manages the First Mutual Group companies' investment portfolios, high networth clients whilst also offering unit trust products to the retail mass market. The product portfolio is designed to meet investors with various risk profiles thereby meeting the different and unique client needs. Our research team provides in-depth research that allows us to deliver sustainable investment performance for growth whilst also employing a rigorous risk management framework for investment security.

First Mutual Wealth operates 6 Unit Trust Schemes supported by various asset classes. These are pooled investments and Fund Manager has a full discretion mandate. All investments placed with First Mutual Wealth are not guaranteed from Exchange Rate risk or other Policy implementations which affect broad economics. Investors can have exposure in all the fund types if they so desire while High Net Worth investors can place their investments in Growth Funds. Income is earned through capital appreciation (for capital market instruments and property) as well as interest income, rentals and dividends declared. Investor chooses funds that are suitable for their investment objectives and liability profile. Money market related products are generally suitable for investors who desire to invest for short term periods with low risk on capital with respective lower returns accruing to them. Equity, Growth and Balanced Fund investments are Stock Exchange linked and suitable for long term investors. These offer access to performance of listed shares, capital value preservation especially during inflationary periods and on average yield higher returns when compared to other funds.

#### **MONEY MARKET FUND**

- Fund is suitable for risk averse investors requiring regular income.
- Investable assets include Bankers Acceptances (BAs) and Negotiable Certificates of Deposits (NCDs) amongst others.
- Minimum investment period is 1 month.
- Interest Accrues daily but is payable monthly (reinvested or paid out).
- Interest Rate not fixed but varies with market conditions and portfolio assets.
- Minimum Initial Deposit of ZWL500 and monthly top deposit of ZWL500 thereafter.
- Flexible withdrawal terms

#### **MONEY MARKET GROSS FUND**

- Tailor made for tax exempt investors who can be pensioners, church institutions, not for profit organisations and schools amongst others.

- Tax free income for pensioners is currently set at ZWL3,000 and is subject to review.
- Besides the above factors, the Fund is similar to the Money Market Fund.
- Minimum Initial Deposit of ZWL1,000 and monthly top up deposit of ZWL1,000 thereafter

#### **BOND FUND**

- Fund is suitable for investors with low risk appetite but still requiring periodic income.
- Interest rates higher than money market overall
- Minimum investment period is 1 year but the Fund Manager recommends 3 to 5 years.
- Interest Rate not fixed but varies with market conditions and portfolio assets
- Minimum Initial Deposit of ZWL1,000 and monthly top up deposit of ZWL1,000 thereafter

#### **GENERAL EQUITY FUND**

- Fund is suitable for investors with a higher risk tolerance level and can withstand market value fluctuations.
- The Fund provides potential for capital growth and dividend income.
- The Fund invests in equities listed on the Zimbabwe Stock Exchange.
- Minimum investment period is 1 year but the recommended horizon is 3 to 5 years.
- Unit values may rise or drop in line with the portfolio's share prices.
- Minimum Initial Deposit of ZWL500 and monthly top up deposit of ZWL500 thereafter

#### **BALANCED FUND**

- The Fund offers investors an opportunity for both capital growth and income maximization with moderate risk.
- The Fund invests in listed equities, bonds and money market instruments and income is earned through interest and dividends.
- Returns are less volatile than those of an equity only fund.
- Portfolio mix will vary from time to time depending with market conditions.
- Minimum investment period is 1 year but the recommended horizon is 3 to 5 years.
- Unit values may rise or drop in line with the portfolio's share prices.
- Minimum Initial Deposit of ZWL500 and monthly top up deposit of ZWL500 thereafter

#### **FIRST MUTUAL WEALTH GROWTH FUND**

- Pooled Investment scheme suitable for High Net-Worth (HNW) individuals and select Institutional investors. As a matter of record, HNW clients largely refers to individuals with large free funds to invest.
- Investment objective and strategy of the Fund is of an aggressive nature so as to maximize periodic returns.
- Fund has a maintained minimum exposure of 100% in quoted equities
- It offers value preservation through holding of real equity assets while also maintain a liquidity buffer through dividend receipts
- Minimum Initial Deposit of ZWL50,000 and monthly top up deposit of ZWL5,000 thereafter

For further information, please contact the Client Relationship Management team on email [tmatuku@firstmutual.co.zw](mailto:tmatuku@firstmutual.co.zw) or [fch-rumbira@firstmutual.co.zw](mailto:fch-rumbira@firstmutual.co.zw)

# A+ | Financial Strength Rating

GCR Ratings have just affirmed the A+ Financial Strength Rating for NicozDiamond. It's what we mean when we say we are a cut above the very best in the short-term insurance industry.

It also means even higher peace of mind for our clients.



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# A Cut Above The Best COVID-19 related Travel Insurance Cover.

Your NICOZDiamond Travel Insurance Policy fully covers you for emergency medical and related expenses, should the traveller contract the Coronavirus while on an international journey. Cover includes medical transportation, medical repatriation, repatriation of children and/or travelling companion.



Motor | Business | Home | Farming | Engineering | Marine | Liabilities | Travel | Golfers

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