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Managing Farm Risk Program

Information for providers of insurance advice and services to farmers



This fact sheet will assist you as a provider of insurance advice and services to understand the operation of the Managing Farm Risk Program and what is expected of you. It should be read in conjunction with the program guidelines. A separate fact sheet is available for farm businesses.

The program provides rebates to farmers for insurance advice and assessments to help them prepare and apply for a new insurance policy that assists with the management of drought and other production and market risks.

These one-off rebates cover half of the costs incurred by eligible farm businesses, up to a maximum of \$2 500 (GST exclusive).

Eligible activities

Eligible farm businesses can apply for a rebate for the costs of engaging suitably qualified service providers to carry out one or more of these activities:

- undertaking an assessment required by an insurance provider prior to, or within 12 months of, the provider offering an insurance product
- compiling historical farm financial performance and production data
- preparing an analysis of insurance options in the context of a whole-of-farm risk assessment specific to the farm business applicant over successive seasons.

The rebates are not for insurance policy premiums, general accountancy, taxation or agronomy services, or general financial or business planning advice.

One rebate application per eligible farm business can be made for costs incurred from 1 July 2015.

Types of insurance

To claim a rebate, farm businesses must secure, or attempt to secure, a new or additional insurance policy covering a peril or climatic event that the farm business has not insured against within the last five years. The types of insurance are limited to:

- multi-peril insurance products
- parametric products based on rainfall or other climate factors
- other single-peril products, such as fire, hail and frost insurance.

Key points for service providers

- Activities eligible for a rebate include undertaking an assessment required by an insurance provider; compiling farm financial performance and production data; and preparing an analysis of insurance options in the context of a whole-of-farm risk assessment.
- Service providers need to be suitably qualified in order for their service to qualify for a rebate.
- Services must represent value for money and the final written advice must be fit for purpose.
- Invoices and/or remittance advice must include the full details of the service provider and the farm business, as well as details of the services provided.

The purchase of regular farm business insurance—such as property and contents, vehicle cover or liability insurance—will not be accepted for a rebate under this program.

Requirements of service providers

The types of service providers who could assist with insurance advice and assessments include, but are not limited to, insurance providers, insurance brokers, farm advisors and accountants. To be considered a suitably qualified service provider, you must:

- be independent from the farm business applicant
- hold a relevant licence or qualification and sufficient industry experience relating to the type of advice or service you are providing
- have an Australian Business Number (ABN)
- hold current professional indemnity insurance.

Providing advice

The quality of the service and the written advice you provide must represent value for money. These scenarios provide examples of the type of written advice you should provide to farm businesses who undertake one of the eligible activities.

- The farm business selects an insurance product that best meets its needs. The provider of this particular product requires the farm business to undergo an assessment before they're offered a policy. Regardless of whether or not a policy is offered, the farm business should receive written advice that includes the data and analysis used to inform the assessment.
- Where an insurance provider requires financial or production history data over a number of successive seasons (typically 5-10), the farm business uses an accountant and/or farm advisor to compile data on the farm's performance. The expected output would be comprehensive data tables—made available in various formats—that the farm business could supply to their insurance provider.
- Where a farm business is uncertain about its insurance needs, a licensed insurance broker is engaged to prepare an analysis of insurance options specific to the farm business. The final written advice should include a whole-of-farm risk assessment that includes advice on insurance options to manage or reduce the identified risks.

Please note: For audit and compliance purposes the department may request additional evidence from applicants to substantiate their eligibility. This may include a copy of the final written advice provided by you for which the rebate was made.

Invoice requirements

Farm business applicants must include evidence of expenditure from their chosen service provider/s with their application. The invoice you provide must include your full details (including ABN) and those of the farm business. The services you provide must also be clearly identifiable as eligible activities on the invoice.

The Managing Farm Risk Program is delivered by the Department of Agriculture and Water Resources as part of the Australian Government's Agricultural Competitiveness White Paper, the government's plan for stronger farmers and a stronger economy.

