

The Legal Protection of Agricultural Property Against the Risks of Natural Disasters in Algerian Legislation

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Abstract:

Agricultural insurance against natural disaster risks is among the policies adopted by countries, as an important technology and an effective tool for managing the risk of natural disasters, in which these risks are transferred to the insurance company, after the state was responsible for compensating losses from its public treasury funds.

The primary role of agricultural insurance against the risks of natural disasters is to protect farmers from losses resulting from the occurrence of the insured risks, and to obtain sufficient and rapid compensation, which contributes to stabilizing the farmer's income, ensuring his investment capacity in particular, and contributing to agricultural and economic development in general.

Keywords: Agricultural insurance; Natural disasters; Risks; Sustainable development; Compensation.

Introduction

The agriculture industry is a central principle for the economic growth of nations, as it addresses one of the most essential needs of society like food and security, and makes a significant contribution to sustainable development. However, the industry is faced with numerous challenges, the most glaring of which is the vulnerability to natural disasters such as floods, fires, droughts, and earthquakes. These events lead to devastating losses in agricultural production and expose farmers to huge economic uncertainties.

Similar to most other nations, Algeria has also made every attempt to develop this sector through the introduction of numerous developmental programs and reforms. It has also raised the formation of public and private insurance institutions and facilitated them in launching insurance products aimed at providing the required protection for the growth and development of the agricultural sector.

Natural disasters have been represented as one of the greatest dangers to agricultural property in Algeria. In order to prevent these dangers and assist farmers, the government has taken a number of preventive interventions aimed at encouraging the agricultural sector, such as the implementation of an agricultural insurance system against natural disasters under

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Ordinance No. 03-12,¹ which makes insurance against natural disasters compulsory and grants compensation to victims. This mechanism has various advantages, including prevention and protection against risks to agricultural production (both plant and animal). It also facilitates the distribution and compensation of farmers' losses and hence provides agricultural producers with a sufficient guarantee to continue agricultural production activities.

The purpose of this research is to reveal the legal provisions and laws that regulate agricultural insurance and evaluate their effectiveness and efficiency against natural risks, in addition to identifying the level of obligation of these contracts. Also, it seeks to shed light on the role of agricultural insurance in shielding farmers against risks, guaranteeing compensation for losses covered by insurance, and sustainable development.

Based on the results obtained, pragmatic suggestions will be put forth on how to enhance the uptake of agricultural insurance among farmers, therefore increasing the sustainability of the agricultural industry when dealing with natural disasters.

Statement of the Problem : Based on the above discourse, the following research question arises: To what extent do the legal frameworks governing agricultural insurance in Algeria work to protect farmers from the risks presented by natural disasters, and how do these laws affect the sustainability of the agricultural sector?.

Chapter I: The Framework of Agricultural Insurance Against Natural Disasters

Insurance that tackles natural disasters is one of the fundamental components in the strategy to deal with the increasing challenges facing the agricultural sector. Understanding the legal framework that governs this type of insurance is vital for the institution of effective mechanisms to help farmers and mitigate the effect of natural risks on food security and economic development.

1. Clarifying the Theoretical Framework of Agricultural Insurance

1.1. Definition of Agricultural Insurance

Under Ordinance No. 95-07 on insurance, it is stated in Article 2 that an insurance contract is a contract by which the insurer commits to pay the insured a sum of money in the event of the occurrence of the insured risk, in return for a premium paid by the insured.

While no definition of agricultural insurance can be found from the legislator, it is governed under Articles 94 to 54 of the same ordinance. Applying this definition to agricultural insurance, it can be defined as a contract agreement that allows farmers to transfer the risks associated with their farming activities in exchange for a premium paid by the farmer.

Also, we can describe agricultural insurance as a mechanism that aims to reduce losses occurring due to the exposure of the agricultural industry to a range of risks by allocating the financial consequences of such losses to a wide network of participating farmers. This form of insurance provides not only crop insurance but also protection for livestock, equines, forestry, aquaculture, and agricultural greenhouses².

¹ - Ordinance No. 03-12 of 26 August 2003 relating to the compulsory insurance against natural disasters and compensation of victims, Official Gazette No. 52, issued in 2003.

² - Abdel Karim, A. T., & Kourad, F. The role of agricultural insurance in covering the risks of plant and animal production: A case study of the Regional Fund for Agricultural Cooperation (CRAM). Al-Manhal Economic Journal, Faculty of Economic Sciences, University of El Oued, Algeria.2018. P 51

Agricultural insurance covers the losses experienced by agricultural commodities as a result of social risks such as fire, theft, and burglary, economic risks such as price fluctuations in crops, and natural disaster risks such as earthquakes, floods, and droughts. Out of them, natural disasters became the maximum threat for Algeria's agriculture sector.

1.2. The Concept of Natural Disaster Risk as the Insurable Object

In general, risk is any event happening in the future that is most likely to occur outside the control of the contracting parties. This is the definition for any risk, and natural disaster risks are defined by certain specifics regarding identification and magnitude of the engaged risks³.

In defining the risks, the legislator, under Article 2 of Ordinance No. 03-12 fixing compulsory insurance against natural disasters and victims' compensation, defines the consequences of natural disasters as *"direct damages caused to property as a result of the occurrence of an extreme natural event."* Moreover, as set forth in Article 2 of Decree No. 04-268⁴ setting the criteria for the identification of the natural disasters insured under natural disaster insurance and providing the procedures for the declaration of a state of natural disaster, the perils insured are listed as earthquakes, floods and mudslides, storms and gusts of wind, and movements of land.

2. The Level of Contractual Obligations in Agricultural Insurance Compared to Natural Disaster Risks

With Ordinance No. 95-07 on insurance, the legislator did not initially bind people to subscribe to an insurance contract against natural disaster risks⁵; Nevertheless, in light of the sequence of natural catastrophes that have afflicted various regions of the nation in the recent past, the Algerian legislator introduced a new initiative in 2003, shifting from the phase of voluntary insurance to compulsory coverage for natural catastrophe risks. This development was founded on Ordinance No. 03-12 on obligatory insurance against natural catastrophes and victim indemnity.

The obligation required under Article 1 of the aforementioned Ordinance is to oblige all natural and legal persons in possession of existing constructions or buildings in Algeria, which are social or professional in character, to purchase an insurance policy against natural disaster risks.

Consequently, the persons to be obligated to purchase an insurance policy against natural disaster risks are:

- Each owner of a built property on Algerian ground, either the owner is a natural or legal person⁶ .according to Article 1 of Ordinance No. 03-12.

Any natural or legal person engaged in an activity in the field of industry or trade, in

³ - Jedidi, M. Lectures on Algerian insurance law. University Publications Office, Algeria(2016) P 125

⁴ - Executive Decree No. 04-268 of 29 August 2004 concerning the identification of natural events covered by compulsory insurance against the effects of natural disasters, and specifying the procedures for declaring a state of natural disaster. Official Gazette of the People's Democratic Republic of Algeria, (55), 1 September 2004.

⁵ - Article 41 Ordinance No. 95-07 relating to insurance.

⁶ Chabira, M. D. Insurance against natural disasters in Algeria: An economic approach to rationalizing solidarity and optimizing resources. Journal of Human Sciences, 33, Constantine, Algeria. (2010). p307

accordance with the provisions of Article 1 of Ordinance No. 03-12..

Chapter 2: Natural Disaster Risks Covered by Agricultural Insurance

As previously mentioned, the natural disaster risk as a subject of insurance has already been defined. Due to the catastrophic aftermaths of the risks, whose losses endanger food security and farmers' stability, the Algerian legislator has attached a lot of significance to insurance against such risks in order to compensate the concerned parties. This promise was enshrined in Ordinance No. 03-12, which delineates the general structure of such legal protection, and further reaffirmed through Executive Decree No. 04-268, which defines the risks to be insured against by compulsory insurance for natural disasters as well as the conditions and regulations for the implementation of the afore stated Ordinance.

1. Atmospheric and Climatic Disasters

Referring to Article 2 of Ordinance No. 03-12, the Algerian legislator defined the consequences of natural disasters as direct losses caused to property by an extraordinary severe natural event out of human control and difficult to manage. The same article provides illustrative examples of such disasters like earthquakes, floods, storms, and strong winds, or any other disaster of the same category⁷

To ensure the precise implementation of this article and to define clearly and without any room for interpretation the risks subject to compulsory insurance, the said article refers to Executive Decree No. 04-268 specifying the risks subject to compulsory insurance against natural disasters. Article 2 of this decree has a specific and limited enumeration of the risks covered, which reflects the intention of the legislator to narrowly circumscribe the risks the insurer is obligated to cover in this type of insurance. This is different from certain other types of insurance, such as motor vehicle insurance, in which the scope of the insured risks can be left more open to agreement between the insured and the insurer. The scope of the risk so clearly defined ensures binding legal certainty and establishes quite unambiguously the scope of the insurer's commitment, and Executive Decree No. 04-268 becomes a major legislative code for defining the scope of the cover of insurance for natural disaster-related risks.

One critique of the Algerian lawmaker is that it uses the word "effects" of natural disasters, while the ultimate objective is to compensate victims for the consequences resulting from disasters. In an insurance framework, the preoccupation ought to be with the "risks" that are most likely to occur in the future, not the "effects", which are nothing else but the outcome of an event that has already occurred. Use of the second term may misleadingly imply that the coverage is given after the occurrence of the event⁸ whereas the insurance principle is based on covering the risk before it happens, compensating the insured after the risk is actualized.

⁷ - Marami, K. *Réflexion pour la mise en place d'un système d'assurance des catastrophes naturelles*. 3rd Forum on Insurance Against Natural Disasters, (2002, October 13–14). p. 7.

⁸ - Zaitouni, T. *On the effectiveness of compulsory insurance against natural disasters in Algerian law*. Journal of Legal and Political Studies, (6), (2017). p 250.

In this regard, it is important to point out that the essence of the insurance contract is the assumption of risk by the insurer from the insured in exchange for a premium⁹. In this regard, therefore, the legal terminology would have been more accurate to refer to insurance against "natural disaster risks" and not their "effects" in order to be consistent with the foundational principles on which insurance works. This sense is corroborated by Article 1 of Ordinance No. 03-12, which is "to guarantee property against the effects of natural disasters," where the very term "guarantee" implies safeguarding against future potential effects, i.e., against risks capable of causing those effects.

In this context, Article 2 of Executive Decree No. 04-269¹⁰, relating to modalities for setting tariffs, exemptions, and coverage ceilings for the effects of natural disasters, explicitly provides for compulsory insurance for residential houses and industrial and commercial buildings, as well as furniture, materials, equipment, and goods within them.

Agricultural insurance, such as crop and livestock insurance, is generally voluntary. Algerian farmers are not required by law to take out agricultural insurance to cover their crops or livestock. It is voluntary: if they wish to insure their investment against risks such as earthquakes, floods, storms, or any other disaster, they can enter into a contract with the National Fund for Agricultural Cooperation (CNMA) or any insurance company offering this service. If they don't, they won't face any legal penalty. This is primarily due to a number of reasons like the majority of the farmers relying on government aid in case of natural disasters and attempting to keep away from insurance procedures to avoid premium costs.

As a rule, insurance against atmospheric and climatic disasters such as floods, mudslides, storms, and strong winds is dealt with by the Algerian legislator within the framework of the established system of compulsory insurance of natural disasters, considering the significant danger that weather and climatic phenomena can cause to property. To this end, Ordinance No. 03-12 concerning the obligatory insurance against natural disasters and compensation of victims sets the general regime for this obligation, followed by Executive Decree No. 04-268, which precisely defines the guaranteed risks, explicitly citing "floods and mudslides" and "storms and strong winds."

Equally, Algerian legislation requires that to be insured, damages must be the result of an exceptional severity of natural peril, distinguishing them from normal weather variations and justifying the application of compulsory insurance.

In comparison to this relatively coordinated and obligatory treatment under Algerian law, European frameworks vary in their handling of insurance protection for floods, storms, and gales. Most European countries do not have an all-embracing obligatory insurance system for natural disaster risks. Instead, these risks are half-compulsorily integrated into property insurance contracts or are covered with special public-private mechanisms, often supported by state reinsurance schemes.

⁹ - Ben Kharouf, A. R. Private insurance in Algerian legislation: Part one, terrestrial insurance. Haidar Algerian Printing Press, (1998). p. 103

¹⁰ Executive Decree No. 04-269 of 29 August 2004 on the modalities for determining tariffs, exemptions, and limits of coverage for the effects of natural disasters. Official Gazette of the People's Democratic Republic of Algeria, (55), 1 September 2004

For instance, in France, natural disaster protection (like floods and storms) is insured in the majority of property insurance policies automatically by virtue of the Law of 13 July 1982, governing compensation for the victims of natural disasters¹¹. It is activated following a ministerial decree formally declaring a state of natural disaster, and the Caisse Centrale de Réassurance (CCR) is implicated in reinsuring these risks.

In Spain, there is also a public organization known as the Consorcio de Compensación de Seguros,¹² which succeeds in case of extraordinary risks such as storm and flood that are not insured by the private insurers or in the case of insolvency of the insurers. It is governed by Royal Legislative Decree No. 7/2004, which transposes the consolidated text of the regulatory text of the Consorcio. It is funded through mandatory surcharges on the premiums of insurance.

In both Germany and the United Kingdom, coverage for floods and windstorms is usually offered under private and voluntary insurance frameworks. Government-backed schemes or public-private schemes have been introduced by the two countries to enhance coverage in risky areas. In the UK, for example, the Flood Re scheme is making flood insurance cover accessible to homes in at-risk areas.¹³

Thus, while Algerian legislation is predisposed in the direction of compulsory and comprehensive insurance for floods and storms (presented in plain specifics in Executive Decree No. 04-268), European systems embody a spectrum of approaches, ranging from quasi-compulsory public systems to market mechanisms involving some degree of state intervention. An underlying motivation among systems remains, however: to safeguard property from widespread loss through natural disaster.

2. Geological Disasters

In addition to climatic and atmospheric catastrophes, to which the Algerian legislator has granted protection particularly in the ambit of natural catastrophe insurance, geological catastrophes have also been given special protection. They include earthquakes and ground movements that may affect property. Similarly, as with flood, mudslide, storm, and wind perils insurance, Ordinance No. 03-12 and Executive Decree No. 04-268 provide legal cover and insurance indemnity for the victims of such geological catastrophes.

Insurance of property against the damaging effects of serious land movements involves, as in the case of the earlier noted threats, the damage to the property being immediate and due to a geological phenomenon of exceptional severity, thus distinguishing itself from slight land changes or indirect damages. The purpose of this mandatory insurance is to provide cover for all concerned parties, whether natural or legal entities, against unforeseeable geological hazards likely to result in considerable material losses.

As in the earlier instances, Ordinance No. 03-12 on natural disaster compulsory insurance and victim compensation is the principal legislative instrument that governs this kind

¹¹ - Loi n° 82-600 du 13 juillet 1982 relative à l'indemnisation des victimes de catastrophes naturelles. (1982). Journal Officiel, Paris.

¹² - Real Decreto Legislativo 7/2004, de 29 de octubre, por el que se aprueba el texto refundido del Estatuto legal del Consorcio de Compensación de Seguros. (2004). Spain

¹³ Consorcio de Compensación de Seguros (CCS). (1941). Created by decree law, Spain. Operates under the supervision of the Spanish Ministry of Economic Affairs and Digital Transformation. Its main tasks are to compensate for exceptional damages, including natural disasters. Retrieved from <https://www.consorseguros.es/>

of insurance under Algerian law. This piece of legislation compels natural disaster insurance on both built-up and unbuilt real estate that does not belong to the state, natural disasters to be insured against under this ordinance including land movements and earthquakes. It is worth noticing, nonetheless, that the Algerian legislator did not directly lay down the insurance of agricultural crops under this law. Where there are immovable constructions or equipment, including storage buildings, stables, or permanent greenhouses on agricultural land (and categorized as built property) these are subject to obligatory insurance against earthquakes and land displacement.¹⁴

Regarding the differentiation between agricultural crop insurance and livestock insurance, agricultural insurance in its proper sense (oriented towards crops and animals) is exclusively offered by the National Fund for Agricultural Cooperation (CNMA). Historically, this coverage has been heavily centered on insuring against drought and floods that directly affect agricultural production, unlike coverage for earthquakes or land movements affecting agricultural soil itself (e.g., large earth fissures rendering it unfit for cultivation) or directly impacting animals' lives due to sudden landslides. Such risks may not ordinarily be included within the scope of standard coverage offered by conventional agricultural insurance products, unless expressly incorporated through an additional clause or provided for under an "all-risk" policy¹⁵.

In examining Ordinance No. 95-07 on insurance, together with subsequent amendments and supplements, as well Ordinance No. 03-12 on insurance of natural disaster, as well as compensation of victims, indicates that attention is still largely focused on built and unbuilt property in general terms. There is no specific stipulation about the insurance of direct damage to agricultural land or crops due to earthquakes if there are built installations on land.

In contrast, the natural disaster insurance system in French legislation is more comprehensive than that in Algerian law. An additional surcharge is applied to all property insurance policies, including agricultural property, to form the disaster compensation fund. This method was established under French law of 13 July 1982 on compensation for damage caused by certain natural catastrophes¹⁶, which also provides for compensation for damage to insured property due to earthquakes, floods, and landslides, as long as a ministerial decree is made declaring a "natural disaster". In relation to arable land and crops, however, these are handled differently: the standard -Cat Nat- system of insurance does not cover earthquake damage to soil fertility or crops in the ground directly.

¹⁴ - International Federation of Red Cross and Red Crescent Societies. (2025, June 19). Summary of the report on natural disasters in the world: Culture and risk. Retrieved June 19, 2025, from <https://www.ifrc.org/ar>

¹⁵ - Peinturie, C. The determinants of the costs of natural disasters. Commissariat Général au Développement Durable, No. 103, Paris, (2014, May). p. 29.

¹⁶ - Law No. 82-600 of July 13, 1982, on the compensation of victims of natural disasters. Journal Officiel, Paris. (1982)

Similarly, in Italy and Spain, the latter has a highly developed agricultural insurance system, which is known as the Combined Agricultural Insurance System (Sistema de Seguros Agrarios Combinados), regulated by a government agency known as (ENESA)¹⁷

The system offers several packages of insurance covering nearly all the risks facing agriculture and animal husbandry production, including earthquakes and landslides, either by subsidizing premiums or by direct government financial support. This brings insurance within the means of farmers and encourages them to subscribe.

Chapter 3: The Impacts of the Insurance Contract on Sustaining the Sustainability of the Agricultural Sector

1. Party Obligations to the Agricultural Insurance Contract

1.1 Obligations of the Insurer

The insurer must reimburse or pay the insurance sum or indemnity to the insured, pursuant to Article 4 of Executive Decree No. 04-268. This law dictates that a natural disaster be formally declared by an official joint ministerial order signed jointly by the Minister in charge of local authorities and the Minister of Finance indicating the type and date of occurrence, and further, the municipalities where the disaster happened. According to the assessment of the nature of the incident and the loss suffered, a decision regarding compensation to the insured farmer is finally made. This is the insurer's most critical obligation: to provide the agreed quantity of compensation under the contract to the insured or the nominated beneficiary upon occurrence of the insured risk, within the stipulated time and place. The compensation must be for actual material losses suffered by the insured property and must not exceed the actual amount of damage incurred by the insured. This ensures that insurance does not become a means for unjust enrichment¹⁸.

In handling insurance for natural disasters striking agricultural crops, which the Algerian legislator has addressed in Executive Decree No. 95-416,¹⁹ setting the conditions and rules for the coverage of agricultural risks, Articles 5 and 6 of the same decree set that the value of insurance is calculated based on the declared production at subscription. The value may be increased, when necessary, to cover equipment and facilities. Upon receipt of the notification of the accident by the insurer, they are obliged to, within a time of not more than seven days, appoint an expert. If the insurer fails to appoint an expert within the timeframe provided, the insured may select from the list of approved experts.

In terms of coverage of the agreed risks, the insurer is obligated to pay for all material loss resulting from the risks outlined in the insurance policy under Ordinance No. 04-268 above. These include losses from natural disasters such as floods, earthquake, storms, and landslides, all of which can damage the farmer's farm crops and result in material loss to farm buildings and farm property, including real estate, livestock, machinery, equipment.

¹⁷ - Empresa Nacional de Seguros Agrarios. (1978, December 28). Law 87/1978 on Combined Agricultural Insurance, Spain. This law laid the foundation for the integrated agricultural insurance system in Spain. Retrieved from <https://www.enesa.es/>

¹⁸ - Zain Al-Abidin, N. S. A. (2004). The role of agricultural insurance in stabilizing agricultural production (Master's thesis). University of Gezira, Sudan, p. 77

¹⁹ - Executive Decree No. 95-416 of 10 December 1995 setting the conditions and procedures for guaranteeing agricultural risks. (Algeria)

1.2. Obligations of the Insured

For the undertakings by the insurer on natural calamities affecting the insured, the latter is subject to basic obligations that are critical to the validity and duration of the agricultural insurance contract. Such undertakings include giving the insurer written notice on the occurrence of a calamity or risk. The insured should notify the insurance company of the loss within the periods as specified in the contract of insurance, and the accident or disaster notice shall be substantiated by a letter itemizing all the damages, including the certificate of insurance, within ten days following the date when the state declares the occurrence of the disaster. The insurance company will then proceed with all that is needed to calculate the compensation, including the employment of an expert as mentioned above and submitting the report to the insurer within three months after announcing the disaster. The compensation amount must be calculated within three months after submitting the expert's report.(article 12 of ordinance 95-07

The insured must also provide all details regarding the insured crops, cattle, machinery, or other property, and the type of disasters to which they are exposed, while entering into the insurance contract and during the existence of the contract. Withholding such information required can affect the validity of the contract or the amount of compensation payable. Additionally, the premium or contribution agreed is paid by the insured in terms provided, regardless of whether the insured risk materializes or not²⁰.

Additionally, in a similar context, the Algerian legislator has conferred on the insured the right to receive the compensation due to him either amicably with the insurer or through litigation, based on direct or indirect actions, as stipulated under the provisions of the Insurance Law. The amount of compensation to be awarded to the insured is determined based on the insured perils under the insurance contract, partial or total loss. Where there is a total loss, compensation constitutes all the losses, provided that the value shall not exceed the value expressed as insured in the contract. If the sum owned is higher than the property's worth, the insurer will only compensate for the property's present value.

Where the damage is partial, it is important to assess whether it is slight or severe. Where the damage is trivial, the compensation is calculated as if for fixing the damage, provided that such outlays are less than the value of the property. This is consistent with the indemnity principle. Where damage is serious, it is a total loss, and full value of the property is awarded in compensation. All of these are done to achieve a proper balance between the rights and responsibilities of both parties. All this will contribute to the stability of agriculture and safeguard it against risks²¹ (Al Eid, 2017, p. 390)

2. The Role of Agricultural Insurance Against Natural Disaster Risks in Achieving Sustainable Development

Natural disaster risks are a formidable challenge to the agricultural sector, capable of undermining food security and farmers' assets, including premises, machinery, etc. In this context, agricultural insurance is the indispensable mechanism, not only to protect agricultural

²⁰ - Zain Al-Abidin, op, cit , p. 77

²¹ - Al Eid, H. (2017). The legal regime governing the activity of insurance experts in Algerian legislation. Academic Journal of Legal Research, (1. University of Béjaïa p 390.

output from such risks but also as an anticipatory measure towards achieving sustainable development. It achieves this through ensuring continuity of investment, supporting farmers and rural societies, as well as encouraging resilience to climate change. Moreover, agricultural insurance is a powerful legal tool deepening sustainable development and solidifying the role of the National Fund for Agricultural Cooperation (CNMA) as an effective instrument for the achievement of development objectives, away from merely being a basic finance tool.

2.1. Agricultural Insurance as a Preventive Mechanism for Achieving Sustainable Development

Agricultural insurance is a preventive mechanism of sustainable development. It is not merely a compensation mechanism to farmers in case of loss but is itself an active tool that contributes towards developing a robust and sustainable base of agriculture in the long run. As stated earlier, agricultural insurance entails the execution of an agreement between the policyholder and the insurance company, wherein the insurer undertakes to compensate the policyholder for losses that can happen to crops, livestock, farm equipment, or farm property from legally acknowledged natural disaster perils.

This underscores the preventive nature of agricultural insurance in different ways that collectively ensure future viability of the business²². It reduces loss from disasters like drought, floods, storms, pest, and disease by compensating the affected farmers in monetary terms. This assures and protects their ability for rejuvenation of the agricultural business after the disaster has subsided. Article 51 Ordinance No. 95-07

Besides, insurance guarantees continuity of agri-production cycles by compensating loss, thereby the security of national food production and reducing the impact of catastrophes on food security. This, in turn, positively affects farmers' confidence and guarantees that they undertake sustainable agricultural practices, including costly or risky ones, because of the financial cover provided by insurance companies.

When considering compensation of victims and reimbursement of the losses of natural disasters, agricultural insurance also reduces the financial cost of the government²³, compared to depending solely on government temporary subsidies. Agricultural insurance does not rank as a secondary factor in the national economy, but rather is a key stimulator of additional investment in rural areas and of encouraging comprehensive economic development, and deviating from rural-to-urban migration.

2.2. Agricultural Insurance as a Legislative Instrument for Supporting Sustainable Development

In addition to its preventive and proactive role in minimizing the natural disaster threats confronting farmers, agricultural insurance is nonetheless, in the perspective of the law, a legislative instrument that dominates this critical sector.

²²- Ghreidi, M. (2012). The Algerian agricultural sector and the problem of support and investment in the context of accession to the World Trade Organization (Doctoral dissertation). Faculty of Economic Sciences, Management Sciences, and Commercial Sciences, University of Algiers-3, Algeria.

²³ - Al-Haj, H. K. (2008). The problems and obstacles facing agricultural production cost insurance (Master's thesis). University of Khartoum, Sudan, p 142

This holds particular significance in Algeria, where the economy is mainly sustained by agriculture. Such insurance has the primary role of protecting farmers and their assets from the varied risks they face, thus maintaining stability in their revenues and consistency in production.

In this regard, the National Fund for Agricultural Cooperation (CNMA) is the most significant institution in the realm of agricultural insurance. With a wide range of insurance policies, CNMA offers wide-ranging protection for an array of agricultural risks, whether plant, livestock, or even equipment and agricultural premises risks²⁴.

National Fund for Agricultural Cooperation (CNMA) in recent years has made appeals for the establishment of a new instrument of insurance that will guarantee damages resulting from climate change and agricultural disasters. Of similar interest is that CNMA signs framework agreements with other entities to fund agricultural entrepreneurship and provide farmers with improved services. Such contracts strive to increase financing and technical support for new farm projects and offer overall insurance protection to limit the risks of agribusiness investment. Such a combination of insurance and financial support directly translates to enhanced agricultural productivity, stabilization of farm income, and the creation of new rural job opportunities. As such, it provides a boost to sustainable agricultural development and national food security²⁵.

Apart from CNMA, there is the National Insurance Company (SAA), which is among the big insurance companies in Algeria. Its role is to provide insurance covers for agricultural risks that confront farmers, like damages that may impact their crops or poultry and livestock compounds. SAA offers multi-risk insurance policies that include protection against hail, fire, floods, frost, and storms that destroy crops, along with livestock and poultry insurance for disease and accidents.

Thus, the National Insurance Company ensures natural disaster risk victims get compensation to favor economic development. All these endeavors are on behalf of providing due protection to Algeria's agricultural sector, rendering farmers resilient to risks, and fulfilling its effective role toward the achievement of sustainable development goals.

CONCLUSION

Insurance plays a pivotal role in the overall economy and agriculture in particular. Through insurance coverage of agricultural risks and indemnization of farmers, insurance encourages and motivates farmers to carry on production, thereby maintaining the stability and development of the agricultural sector and finally ensuring food security. To this end, Algeria has been making efforts to universalize the application of insurance to all agricultural activities in general and particularly against natural disaster risks.

As important as it is, agricultural insurance remains largely unacceptable to farmers and

²⁴ - National Fund for Agricultural Cooperation (CNMA). (2023, December 18). CNMA calls for the establishment of a new insurance mechanism to address damages caused by climate change and agricultural disasters. Retrieved from <https://www.aps.dz/ar/economie/153770-2023-12-18-16-33-26>

²⁵ - National Fund for Agricultural Cooperation (CNMA) & National Agency for the Support and Development of Entrepreneurship (ANSEJ). (2025, January 28). Framework agreement signed between CNMA and ANSEJ. Retrieved from <https://www.aps.dz/ar/economie/174708-2025-01-28-12-37-03>

players in the sector despite the increasing major risks in Algerian agriculture. This has led experts to call for the issuance of a new law specifically focused on agricultural insurance, one that captures risk management culture and establishes an economic rather than an administrative agricultural insurance contract.

And yet another major reason why ag insurance is not robust enough to withstand natural disaster risk is that insurance culture is low among farmers, who like to bank instead on government relief schemes as well as subsidies released after each disaster.

Recommendations

- Implement awareness and outreach initiatives on the necessity of insurance cover for natural disaster risk, management of stakeholders' issues, and designing insurance contracts for emerging risks. These must not be driven by profitability considerations but on ensuring the sustainability of institutions driving the country's economy.

- Enact a new law dedicated to farming insurance of natural disasters based on risk management regulations and establishing an economic farming insurance agreement. The current law for insurance of natural disasters is silent on farmers or failing that, include specific provisions to compensate them for events such as drought or the death of livestock due to extreme disease.

- Enact compulsory insurance for farmers for natural disaster risks

In addition, the legislator's decision to make insurance compulsory for natural disaster risks is insufficient because it just covers owners of built properties. In addition, risks that the legislator has specified do not cover all agricultural risks, including drought, which over the past few years has seriously endangered food security. This is a deficiency that needs to be addressed through lawmaking of a particular law.

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