

Alongkorn Chaladsook 2014: Farmer Response to Area Yield Index Insurance for Major Crop Rice. Master of Science (Agricultural and Resource Economics), Major Field: Agricultural and Resource Economics, Department of Agricultural and Resource Economics. Thesis Advisor: Assistant Professor Isriya Bunyasiri, Ph.D. 70 pages.

One of the major challenges for crop insurance for rice farmers in Thailand is to develop area yield index insurance which requires a study on farmer response to this insurance product. The objectives of research are to study farmer's understanding and attitude towards area yield index insurance for major crop rice and to analyze factors affecting the decision to purchase the insurance products. The provincial yield index is chosen as the area yield index. The interview data of 426 rice farmers in four provinces: Supanburi, Pisanulok, Khonkhan and Nakornratchasrima are used in the analysis.

The results show that 76 percent of rice farmers understand the insurance product the condition for indemnity payment of yield index insurance. 86 percent of rice farmers think that the disaster damaged measured from provincial yield index differs from actual damage. The empirical results from the probit model have shown that factors that significantly influence the decision to purchase area yield insurance product are understanding of the insurance product, trust in provincial yield index data, difference between provincial yield and actual yield, having savings, probability of the massive flood to occur in the next ten years, regions of paddy fields, sufficiency of government assistance and farmer's capability to coping with flood. Government therefore should emphasize insurance education and the development of yield index data to increase accuracy in order to increase the chance of farmers to buy area yield index insurance.

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