

RESEARCH ARTICLE

Prospects for the Development of Agricultural Insurance System

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ABSTRACT

This article examines the process of insurance of the agro-industrial complex from a scientific and practical point of view, based on statistical sources. In addition, an analytical approach has been developed based on the indicators of insurance of agricultural sectors in the agro-industrial complex, in particular, crops and livestock, and proposals and recommendations for the development of insurance have been developed.

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Introduction

Severe climate change, various crises or unexpected epidemiological diseases on a global scale also have a significant impact on the activities of enterprises of the agro-industrial complex of our country.

Various natural disasters (sudden changes in climate, protection against rising temperatures, drought, hail, strong winds, severe and dry cold, a sharp drop in precipitation, various fires, various pests and insect infestations, biological diseases, etc.) is urgent. Based on the requirements of the State Program on the perspective development of the country, it is necessary to prioritize the activities of enterprises of the agro-industrial complex and the

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introduction of new varieties in agriculture, the cultivation of organic agricultural products and quality export-oriented fruits and vegetables [1].

Therefore, based on the goals and objectives set before us, it is important to protect the activities of enterprises of the agro-industrial complex from any unforeseen natural and natural disasters. As one of the priorities of today, it is expedient to develop promising proposals and recommendations for financial support and development of enterprises of the agro-industrial complex on the basis of insurance protection.

Analysis of the Relevant Literature

As a result of reforms in the insurance sector and the development of the insurance market in our country, the Agency for Insurance Market Development under the Ministry of Finance was established by the decision of the Cabinet of Ministers of the Republic of Uzbekistan. This agency, as the competent state body for regulation and development of the insurance market, carries out the tasks of protecting the rights and legitimate interests of participants in insurance relations in all sectors and industries [2].

Theoretical and methodological issues of agro-industrial complex insurance and the agricultural impact (i.e. drought-resistant properties) of agricultural production insurance in the context of climate change have been studied by researcher Miao R. In particular, the impact of the U.S. agricultural sector on climate change and the introduction of innovative research into the agricultural production process have been explored for insurance activities and the possibility of adapting crop insurance to long-term climate change [3].

The issues of insurance protection of corn growers in agriculture have been studied due to the existence of risks associated with the risks associated with climate change. Recommendations for improving crop insurance practices have also been developed as a result of various surveys on compliance with corn crop insurance requirements [4].

Tahereh Biglari, Hamideh Maleksaeidi, Farzad Eskandari, Mohammad Jalali have studied the issues of financial support on the basis of insurance against various natural diseases encountered in the process of growing livestock products, livestock insurance in agro-industrial complex enterprises in accordance with climate change [5].

Directly at the global level, climate change is causing drought in different countries, and various unforeseen natural disasters that have a drastic impact on livestock and insurance issues have been studied by other scientists such as Felix Johna, Russell Toth, Karin Frank, Jürgen Groene Veld, Birgit Müller [6].

Research Methodology

The research analyzed the current state of insurance of the agro-industrial complex and studied the research conducted by foreign and local scientists on the main directions of promising development and assessed the level of insurance in the agricultural sector. The article provides

theoretical and practical observation, formulates proposals and recommendations on the problems of insuring the activities of enterprises of the agro-industrial complex and their solutions using methods such as a systematic approach, statistical data generalization, analysis and synthesis. The developed scientific and practical recommendations can be used in the process of further improving the insurance activities of the agro-industrial complex of the country.

Analysis and Results

Agricultural products grown by the enterprises of the agro-industrial complex of the country, in particular, farmers and other types of agricultural enterprises, along with providing the domestic consumer market, are also exported to foreign markets.

It is no secret that the agriculture of our country is one of the countries with huge export potential, fruits, vegetables and melons grown on sunny soil have a strong place in world markets and the demand for agricultural products from importing countries is growing.

Given the importance of agricultural exporters as one of the largest sectors of the economy in the supply of agricultural products to world markets, the issue of expanding the scope of direct insurance coverage of agro-industrial enterprises and their service enterprises is a long-term strategic focus of our government. is one of the issues.

If we pay attention to the analysis of agricultural products grown by enterprises of the agro-industrial complex, in January-December 2020 the total volume of agricultural, forestry and fishery products (services) amounted to 260.3 trillion soums, including agriculture and livestock, hunting and others. services rendered - 251.8 trillion soums, forestry - 6.7 trillion soums. soums, fisheries - 1.8 trillion soums [12].

As a result of reforms in the agricultural sector in January-December 2020, a positive growth of the livestock sector was achieved, and compared to the same period in 2019, meat (live weight) increased by 102.1%, milk - by 102.8%.

The country is located in a climate-dangerous agricultural area, which directly affects the activities of the agricultural sector due to drought or water scarcity, deterioration of land reclamation and high salinity, as well as other natural disasters. This is inextricably linked to the impact of natural disasters on the country's agricultural sector, which may hinder its sustainable development. In this regard, the agro-insurance system in this case emerges as an effective solution to various problems.

Economic reforms aimed at developing the agricultural sector are yielding positive results in practice. One of the main tasks of each state is to ensure food security, the only solution to which is the supply of resources in the process of growing crops, the supply of seeds and mineral fertilizers, the supply of agricultural products from the field to the consumer. protection is important.

One of the urgent tasks of the enterprises of the agro-industrial complex is to provide the population with

food products on the basis of timely planting of agricultural crops, timely implementation of agro-technical measures, development of agricultural production, processing and supply. In any case, it is advisable to provide reliable insurance services as one of the key factors in the sustainable development of agriculture. As a result of ongoing reforms in the insurance of agro-industrial enterprises, the role and position of insurance companies in the insurance market is growing. In this regard, the volume of insurance services provided in the insurance market and the level of insurance coverage is growing. The activity of JSC "Uzagrosugurta", which has been operating in the

insurance market for more than 28 years, has a special significance in the field of agricultural insurance. One of the important tasks is to continue agricultural activities, prevent food insecurity on the basis of timely provision of the population with agricultural products, and insurance protection of this process. The main customers of Uzagrosugurta are agricultural enterprises, farms, small businesses and private entrepreneurship, as well as the rural population. JSC "Uzagrosugurta" carries out certain work to insure customers against accidents caused by various natural disasters and accidents.

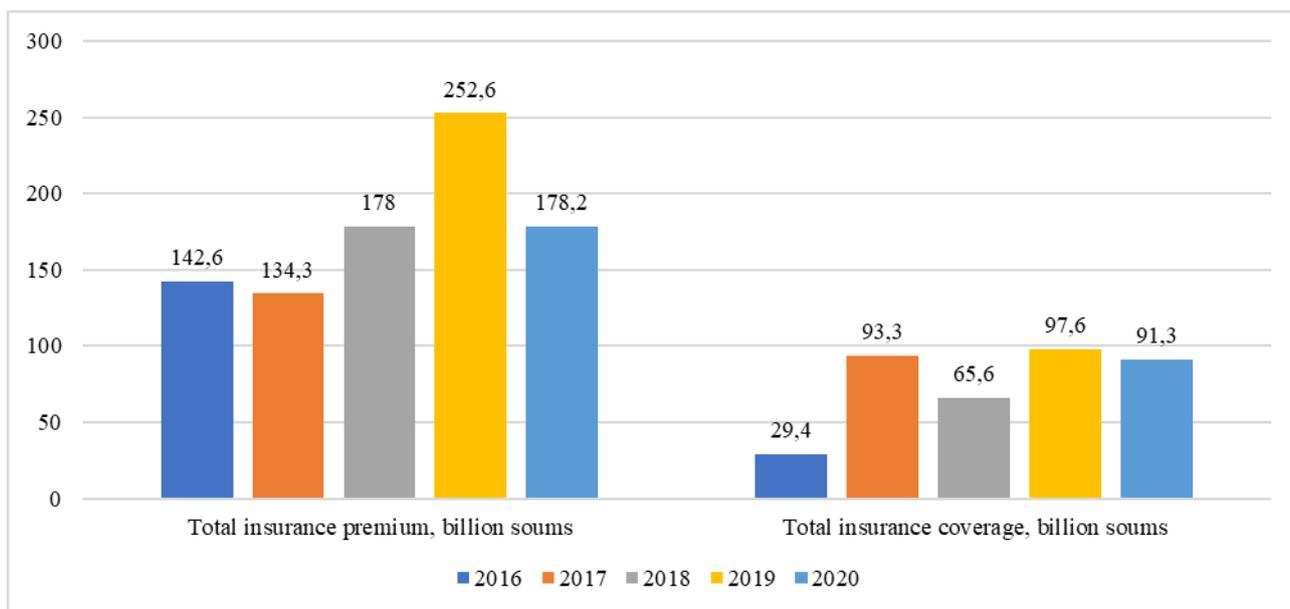


Figure 1. Dynamics of insurance premiums and insurance coverage on insurance of the agricultural sector, billion soums [13]

In order to cover the losses caused by natural disasters, JSC "Uzagrosugurta" as of 2020, as a result of services provided by the company and its regional branches, concluded insurance contracts with a total of 1475649 legal entities and individuals, according to which insurance premiums were collected 178.2 million soums. In order to cover the losses incurred by the insured, JSC "Uzagrosugurta" paid insurance indemnity in the amount of 91.3 million soums.

One of the tasks of JSC "Uzagrosugurta" is to provide financial support to the enterprises of the agro-industrial complex through the provision of insurance services. During 2016-2020, the insurance of the agricultural sector from various natural disasters (for all types of insurance) was based on contracts, in 2016, 142.6 billion soums of insurance premiums were collected, and in 2020, 178.2 billion soums of insurance premiums were collected. The volume of insurance premiums for insurance of agriculture against various natural disasters in 2020 compared to 2019 decreased by 30%.

In order to cover the losses of enterprises of the agro-industrial complex from natural disasters, JSC "Uzagrosugurta" in 2016 paid 29.4 billion soums of insurance coverage, in 2020 - 91.3 billion soums. In 2020, compared to

2016, it increased by 61.9 billion soums. The analysis suggests that the risk of natural disasters and unforeseen natural disasters in the agricultural sector is increasing compared to previous years.

The insurance coverage paid to the enterprises of the agro-industrial complex not only covers their direct financial losses, but also serves to protect them from economic recession.

JSC "Uzagrosugurta" received a total of 56.3 million soums of insurance premiums for insurance of agricultural crops, of which 34.9 million soums were collected for insurance of cotton and 21.1 million soums for insurance of grain crops. During this period, the insurance indemnity paid by farms to cover losses from natural disasters and other unforeseen natural disasters amounted to 44.4 million soums.

Also, if we look at the volume of livestock production in the agro-industrial complex by economic categories, in 2020 5.1% will be farms, 3.5% - agricultural organizations, 91.4% - farmers (personal assistants). Compared to the same period in 2019, the share of farms has decreased.

Reforms in the agricultural sector of Uzbekistan to further increase the domestic capacity of the livestock sector, as well as the provision of systematic state support

to them, create ample opportunities to increase the number of livestock in the country and fill domestic markets with livestock products.

Countries around the world pay a lot of attention to insurance premiums. In particular, the United States accounted for 7.6% of insurance premiums in GDP in 2016, while Japan accounted for 10.6% and Russia. 1.23%. By 2019, it was 11.3% in the U.S., compared to 10.2% and 1.5% in Japan and Russia, respectively. In our country in 2019 it was 0.45%. The results show that in our country there is a need for a large number of programs for the development of insurance premiums, and it would be expedient to focus on the agricultural sector [14].

Table 1. The share of insurance premiums in GDP

№	Countries	Years			
		2016	2017	2018	2019
1	United States	7,6	11	9,7	11,3
2	Japan	10,6	10	9,8	10,2
3	Russia	1,23	1,24	1,36	1,5
4	Uzbekistan	0,35	0,37	0,40	0,45

Table 2 shows that if we look at the growth dynamics of insurance premiums worldwide and in countries, in 2015 the U.S. led the way with 3.8%. In particular, in 2017, Canada took the lead with 2.3%. In the emerging market, the high level of insurance premiums is a natural process, as the growth of insurance premiums affects the development of the insurance market. Therefore, it is necessary to increase insurance premiums in our country.

Table 2. Growth dynamics of insurance premiums worldwide and in countries

№	Countries	2014	2015	2016	2017
1.	United States	3,0	3,8	1,8	1,3
2.	Canada	1,9	2,7	0,8	2,3
3.	Japan	0,3	2,5	2,8	1,0
4.	Australia	1,0	-0,1	0,7	2,1
5.	England	1,9	2,3	1,3	2,2
6.	Germany	2,9	2,6	1,7	0,6
7.	France	0,3	0,7	1,0	1,4
8.	Italy	-3,0	-3,0	-1,8	1,5
9.	Developed markets	2,0	1,7	1,8	1,7
10.	Emerging markets	6,3	5,6	7,9	8,7
11.	Around the world	2,8	2,5	3,0	3,2

As can be seen from the data in Figure 2, the volume of insurance premiums on voluntary types of insurance collected in the insurance market of Uzbekistan in the I quarter of 2019 exceeded the volume of insurance premiums on voluntary types of insurance collected in the I quarter of 2018 by 133.8 billion soums or 142%. In the first quarter of 2018, compared to the first quarter of 2017, the receipt of insurance premiums on voluntary types of insurance increased by 220%. Based on this, the expert believes that if quarantine measures had not been introduced due to the coronavirus pandemic, perhaps by the end of the first quarter of 2020, the amount of insurance premiums received on voluntary types of insurance would have increased by an average of 140% [15].

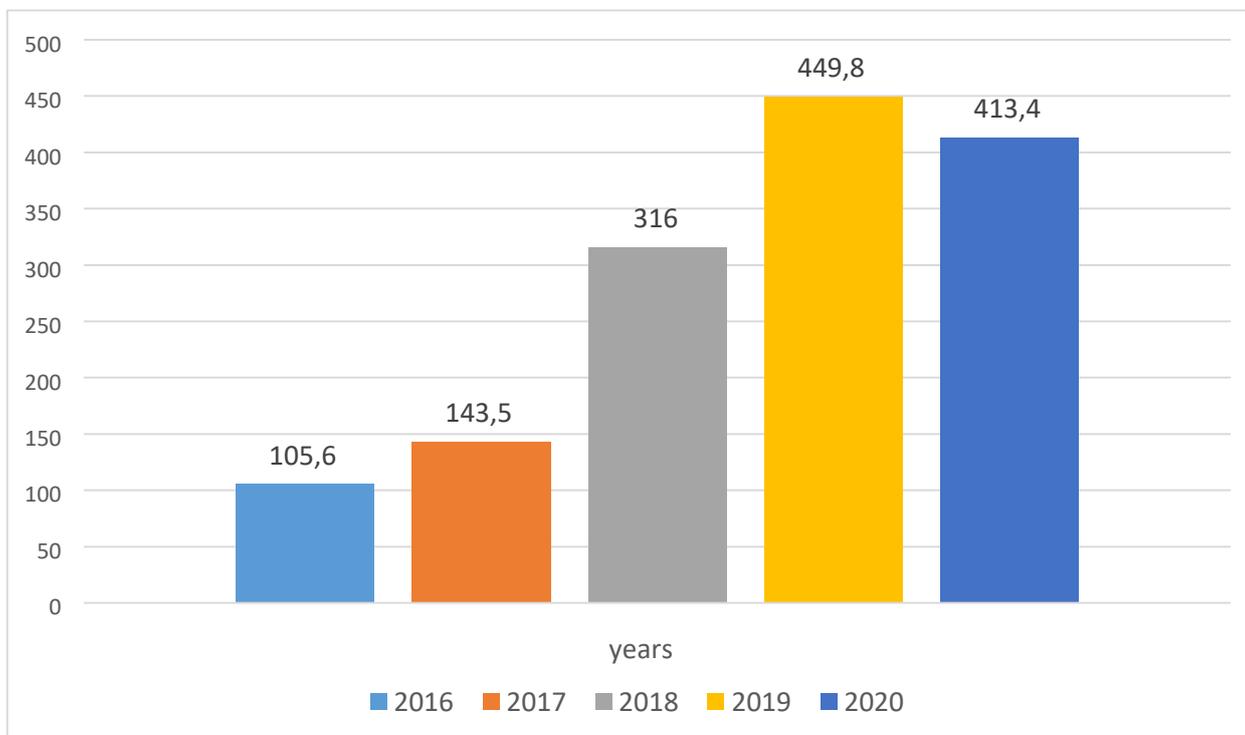


Figure 2. Dynamics of insurance premiums collected in the insurance market of Uzbekistan in the I quarter of 2016-2020 (billion soums)

In the development of livestock farms in the regions, it is necessary to properly plan such measures as expanding

the fodder base for them, increasing the number of livestock and increasing the supply and demand of the population

through the creation of value chains, as well as increasing sources of income through price stability.

What is the importance of insurance protection of the livestock sector in the agro-industrial complex?

The insurance coverage of the livestock sector depends mainly on the type of livestock, based on the insured risks:

fire, storm, hurricane, flood, earthquake, freezing due to severe cold, poisoning, traffic accidents, explosion, landslide, wildlife attack, theft, forced slaughter and other cases.

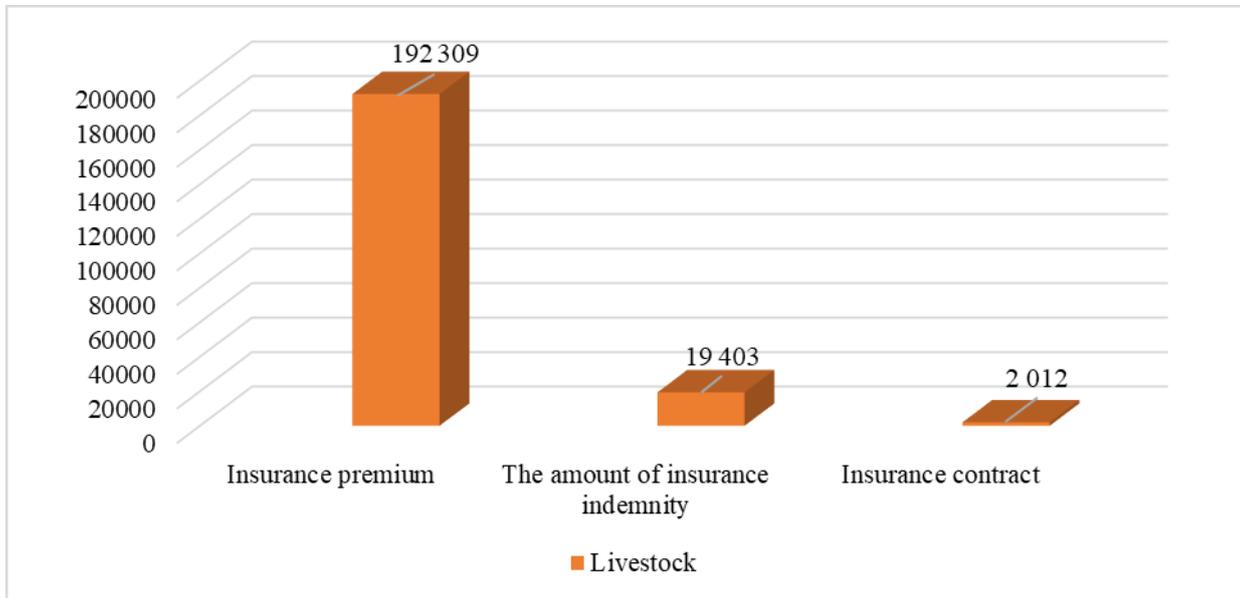


Figure 3. Status of livestock insurance by JSC "Uzagrosugurta" for 2020 [13]

In our country, livestock is insured on a voluntary basis. According to the insurance scheme, the maximum amount of insurance money relative to the insurance value of livestock is set at 80 percent for cattle, horses, camels, sheep and goats, 60 percent for fur animals and 50 percent for pigs, poultry, fish and bees.

The insurance value of livestock available to individuals directly is determined by the insurance contract based on the market price and the agreement between the insurer and the insured. In the case of pet insurance, the insurance premium is set at 8.0 percent of the pet insurance premium.

Uzagrosugurta JSC provides insurance services in the country to insure livestock against natural disasters and various diseases at the enterprises of the agro-industrial complex. Also, as of 2020, 192309.4 million soums of insurance premiums were collected under the existing agreements on insurance of livestock in dehqan (private) and farms, and 19043 million soums of insurance indemnities were paid to cover the losses during this period. Insurance protection of agro-industrial enterprises has a positive impact on their financial stability and maintaining their position in the market. For this reason, in any case, insurance will emerge as a timely financial aid. Through insurance protection, enterprises of the agro-industrial complex are protected from various risks and losses from natural disasters are prevented as a result of economic crisis and financial losses. Insurance indemnities paid to enterprises of the agro-industrial complex serve to protect them from bankruptcy, as well as to cover direct financial losses.

In addition to insuring the agricultural sector from various risks, Uzagrosugurta JSC concludes timely insurance contracts with agricultural enterprises, financially protects the interests of policyholders in the face of climate change, maximizes the use of insurance services and covers all types of natural and man-made risks. Issues such as risk loss prevention should be a constant focus.

Conclusion

In conclusion, in improving the regulatory framework for insurance of enterprises of the agro-industrial complex of the Republic of Uzbekistan and ensuring the prospects of the insurance process in the agricultural sector, it is expedient to pay attention to:

- Study of various natural phenomena and natural disasters in agriculture based on the characteristics of the regions and the formation of agricultural insurance tariffs on the basis of a regional approach;
- It is necessary to thoroughly study the factors and conditions of insurance of agro-industrial enterprises, in particular, as the central link of the agro-industrial complex, only farms insure against various risks in the process of growing agricultural products, but insurance of farms lags behind. Increase the focus on insurance of farms, in this regard, the development of new insurance rates;
- Introduction of a mechanism of state subsidies for up to 50% of insurance premiums in the insurance of livestock against various diseases and natural disasters in the country from the state budget or based on foreign experience;

- Introduction of electronic insurance policies for insurance of the livestock sector;
- Improving the economic and legal literacy of farm managers on "Insurance";
- It is expedient to move from voluntary insurance to compulsory insurance of crops (grain and rice products) aimed at meeting the needs of the population;
- Consideration of the issue of training specialists in higher education institutions on "Agricultural Insurance" in Uzbekistan and the establishment of joint faculties in joint universities in this regard.

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