



AGRICULTURAL INSURANCE ISSUES

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<p>Received: 8th November 2023 Accepted: 7th December 2023 Published: 14th January 2024</p>	<p>The current state of agricultural insurance in Uzbekistan, the ways of developed and developing countries in agricultural insurance and their current achievements in the development of agriculture in Uzbekistan. There have been made some suggestions on how to minimize the damage and how to financially strengthen farmers, dekhkans and landowners.</p>
<p>Keywords: insurance, insurance losses, reinsurance, actuarial calculation, insurance companies, tariff rates, insurance premiums.</p>	

INTRODUCTION

In the conditions of the market economy, the emergence of new forms of management in the agricultural sector based on different ownership, that is, the establishment of farming and peasant farms, which are recognized today as a promising form of management, is the reason for the positive results of the economic reforms carried out in the field and their wide introduction into production. However, due to the sharp connection of agricultural production with climatic conditions, as a result of various natural disasters, thousands of farms having been ended their financial activities with losses.

Also, agricultural production is directly related to natural climatic conditions, so agricultural insurance is different from other types of insurance and requires a specific approach. Including:

- high risk and harm in agriculture;
- high level of dispersion and large number of potential insurers;
- specificity and locality of regions;
- the degree of complexity of risk assessment;
- increase of moral hazard;
- the need for special training of agricultural insurance personnel.

There are following natural disasters covered by crop insurance: strong wind, storm, hail, heavy rain (hail), fire, lightning, drought and heatstroke, soil compaction, soil moisture, heavy snowfall, black frost, low air temperature, insurance liability for financial losses caused by low and high water levels, flooding, pests, crop diseases, and other natural disasters resulting from low yield or complete destruction. Studying the experience of foreign countries on agricultural crop insurance and applying it in accordance with the conditions of our country should be the main focus of reforms in this field.

These days, on condition that the insurance system for effective financing of agricultural production and the mechanism of its use is not perfectly developed, as a result of periodic interruptions in the settlement system with farm service organizations and financial institutions, enterprises will try not to support agricultural enterprises financially. For this reason, the agricultural insurance system is considered to be one of the important directions of the government policy in the field of agricultural development of our country. In this regard, despite the measures implemented to expand the scope of insurance services provided to farms, there are a number of problems in providing insurance protection to farms operating in the country, their agricultural machinery, and workers. Eliminating these problems requires the implementation of a number of important measures and the determination of priority directions. Including:

- formation of insurance culture among farmers of agricultural products;
- increase the types of insurance services provided to agricultural enterprises and improve their quality;
- formation of financial resources for providing agricultural enterprises with insurance protection;
- to ensure continuous and as high as possible increase of insurance reserves for agricultural insurance;
- based on the experiences of foreign countries, increasing the amount of state funds for partial payment of insurance premiums to agricultural enterprises;
- creation of an allocation system of funds for the payment of insurance premiums calculated under insurance contracts concluded with agricultural enterprises in the process of financing the cultivation of agricultural products purchased for state needs.



In recent years, large-scale work has been carried out to create the necessary economic and organizational-legal foundations for the development of agriculture in the country. Special attention is being paid to creating additional conditions for farms during implementing structural changes and introducing mechanisms of market relations. The rapid development of the agricultural sector, in turn, leads to an increase in the consumption of water resources, which may have a negative impact on the country's food security if timely measures are not taken against the emerging challenges and risks. This situation is exacerbated by long-standing systemic problems in agricultural governance, including:

- firstly, fragmented planning and provision of food safety without an effective mechanism of inter-agency cooperation leads to a weakening of accountability for the decisions made and the achievement of concrete results;

- secondly, due to the lack of a long-term thorough policy in agriculture and water management, clear directions for the further development of these areas have not been established;

- thirdly, there is no effective coordinating role and initiative of competent bodies in making quick decisions on emerging problems;

- fourthly, the tasks assigned to them are ineffectively carried out due to the fact that the mechanisms for collecting, analyzing and sharing truthful information have not been properly implemented by the responsible agencies;

- finally, there is no independent control in the fields of agriculture, food safety and water consumption, as a result of which insufficient attention is paid to the modernization and technical equipment of networks, and the introduction of innovative technologies and developments remains in a low level.

LITERATURE REVIEW

Based on a deep analysis of the actual situation and development prospects in the fields of agriculture, food safety and water consumption, in order to fundamentally improve the management system in these areas to launch effective work on their strategic planning policy, there were defined some tasks according to the Strategy of Actions and the Concept of Administrative Reforms in the Republic of Uzbekistan as five priorities for the development of the country in 2017-2021.

According to the Decree No. PD-5330 of Uzbekistan Republic President dated February 12, 2018 "On organizational measures for the fundamental

improvement of the state management system of agriculture and water management", the Ministry of Agriculture and the Ministry of Water Management were established on the basis of the Ministry of Agriculture and Water Management of the Republic of Uzbekistan.

The development of the economy of Uzbekistan Republic cannot be imagined without the agricultural sector. After all, a significant part of the country's gross domestic product is created in this sector, and a large part of population lives in rural areas. This was confirmed by D.S., Prof. A.Joraev in his following comment: "agrarian sector is an important part of the country's economic structure. It contains 30% of gross domestic product, 50% of foreign exchange earnings, 70% of trade and 90% of the country's food production".

Therefore, in recent years, the leadership and government of the republic have been paying special attention to the effective development of agriculture and the consistent implementation of economic reforms in the sector.

Focusing on the disasters that occur in the field of agriculture, it is necessary to emphasize that among them, drought is particularly distinguished by its characteristics. Drought is caused by a long period of insufficient moisture in the air and soil. According to DSc, Prof. R. T. Yuldashev: "Droughts are divided into types depending on the amount of precipitation during the vegetation period of agricultural crops: strong (precipitation rate is less than 50 percent), average (precipitation rate is at the level of 50-70 percent), weak (precipitation rate is higher than 75 percent)".

It should be particularly noted that in the field of agriculture there have been gathered many problems in determining the causes of accidents, the amount of damages, especially in recording insurance events, that is, in creating insurance statistics. Solving these problems is of great importance in improving the methods of management in the farm and, most importantly, in reducing the amount of possible losses.

RESEARCH METHODOLOGY, RESULT AND DISCUSSION

The development of the economy of the Republic of Uzbekistan cannot be imagined without agriculture and the farm sector. After all, a significant part of the country's gross domestic product is created in it, and a large part of the population lives in rural areas. So, the most important features of this field of farm insurance is highlighted in the following figure with main types of farm casualty insurance (Figure 1)

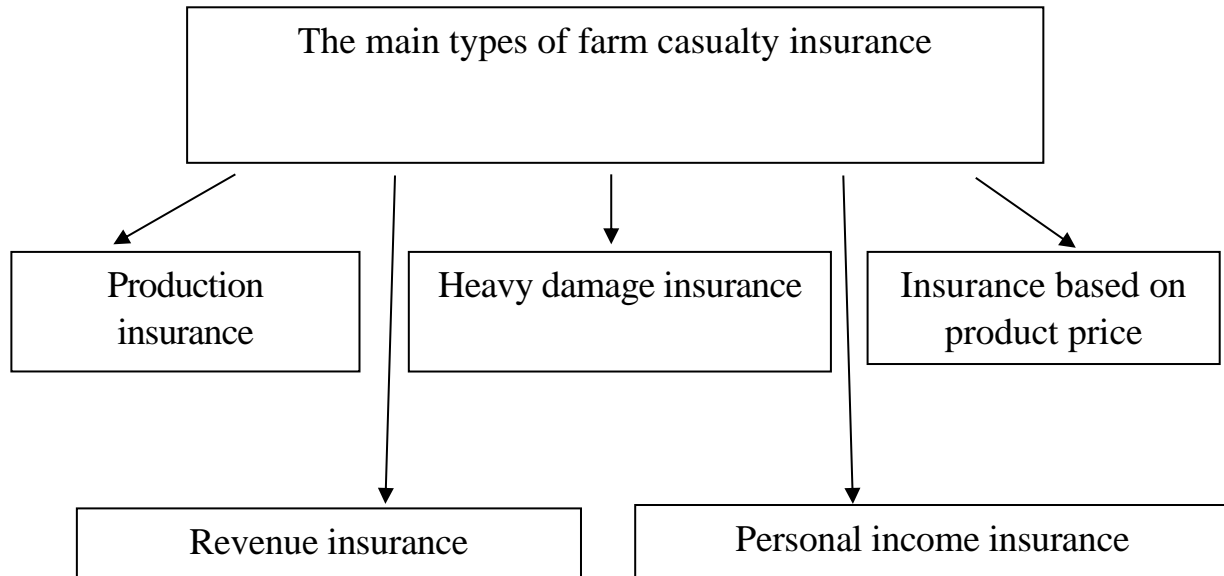


Figure 1. The main types of farm casualty insurance

Production insurance. It is acceptable for cultivation. Although such a problem exists for cultivation in indoor soil, this type of insurance is not applicable in stock-breeding due to difficulties in measuring production output (for example, in dairy production or meat production) and the absence of an objective "harvest time".

Producing goods is usually insured against risks such as hail, which allow calculating the distribution of potential losses based on statistical data. Insurance can be based on individual production data or regional data.

Agriculture is a wide-ranging field, in which cotton, grain and animal husbandry have a leading position. It is precisely these sectors that suffer a large amount of damage due to the occurrence of natural disasters.

Insurance of the property and products of manufacturers in the field of agriculture, insurance of the liability of borrowers of agricultural goods producers to repay loans received from the bank on time, insurance of the return of advance funds given for the cultivation of agricultural products are the main activities of the company "Uzagosugurta".

Table 1

Dynamics of changes in collected and paid insurance premiums for agricultural damage insurance of the Russian Federation in 2017

Year	Insurance premium income		Insurance coverages		Payment ratio, in %
	revenue (thousand rubles)	Change from previous year, in %	Coverages (thousand rubles)	Change from previous year, in %	
2017	16 700 622	120.32	5 423 939	94.10	32.48
2018	13 880 020	104.23	5 763 848	74.69	41.53
2019	13 316 107	82.07	7 716 917	93.94	57.95
2020	16 225 901	169.62	8 214 481	106.50	50.63
2021	9 565 829	0.00	7 713 229	0.00	80.63

Also, insurance of agricultural losses in the Russian Federation is carried out in accordance with the Federal Law of December 29, 2006 "On the Development of Agriculture" FL No. 264. According to

this Federal law, agricultural insurance covers the loss of agricultural products, including agricultural crops (for example, grain, oil, sugar, potatoes, vegetables) as a result of dangerous natural events such as



drought, freezing, hail, dust storms, earthquakes, avalanches, floods.) harvest, risks of loss or partial loss of perennial crops (vineyards, fruits) are carried out with state support.

According to the law, 50% of the insurance premiums paid under the insurance contract will be provided with subsidies to the producers of agricultural products at the expense of budget funds. The procedure and conditions for providing subsidies to

cover part of the costs and the amount of compensation are determined by the Government of the Russian Federation (Article 12 of the Law).

In 2004, the Law "On Compulsory Insurance in Plant Science" was adopted in the Republic of Kazakhstan. According to this law, grain crops (wheat, barley, corn, rice, etc.), oilseed crops (safflower), cotton and sugar beet farm crops are subject to compulsory insurance.

Table 2

Dynamics of compulsory insurance indicators of agricultural crops in the Republic of Kazakhstan (million tenge)

Compulsory insurance of agricultural crops	2017	2018	2019	2020	2021
Insurance premium, million tenge	519,0	460,6	411,8	479,3	482,4
Insurance payments, million tenge	841,7	221,7	942,3	308,6	1065,7

In the case of compulsory insurance of agricultural crops in the Republic of Kazakhstan, state insurance organizations finance 50% of insurance payments from the republic budget. This, in turn, is a form of financial support from the state.

Currently, in Uzbekistan, the joint-stock company "Ozagrosugurta" is leading in agricultural insurance. Stock-breeding insurance of agricultural enterprises by this company is also special, as we can see from the information in table 3 below.

Table 3
The minimum insurance tariff percentages used in the insurance of agricultural stock-breeding by regions

Regions	Cattle with large horns	Sheep and a goat	A pig	Horse, camel and donkey	Domestic poultry	A rabbit and a furry animal	Bee
Republic of Karakalpakstan	4	6	10	4	6	10	8
Andijan region	4	6	10	4	6	10	8
Bukhara region	4	6	10	4	6	10	8
Jizzakh region	4	6	10	4	6	10	8
Kashkadarya region	4	6	10	4	6	10	8
Navoi region	4	6	10	4	6	10	8
Namangan region	4	6	10	4	6	10	8
Samarkand region	4	6	10	4	6	10	8
Syrdarya region	4	6	10	4	6	10	8
Surkhandarya region	4	6	10	4	6	10	8
Tashkent region	4	6	10	4	6	10	8
Fergana region	4	6	10	4	6	10	8
Khorezm region	4	6	10	4	6	10	8

Table 3 provides information on the minimum insurance tariff percentages used by agricultural enterprises for stock-breeding insurance. Based on this information, it can be said that the procedure for this type of insurance of farmers and agricultural holdings is carried out on the basis of a written application submitted by the farmer or agricultural holding to the insurance organization, like other types of insurance. In the application, they must provide information about the type of animal to be insured, its age and inventory number, balance sheet value. According to it, stock-breeding insurance of farm enterprises of the Republic of Karakalpakstan, Andijan region, Bukhara region, Jizzakh region, Kashkadarya region, Navoi region, Namangan region, Samarkand region, Tashkent region, Fergana region and Khorezm regions` insurance tariff for cattle with large horns are 4 percent, sheep and goats are 6 percent, pigs are 10 percent, horses, camels and donkeys are 4 percent, poultry is 6 percent, rabbits and fur animals are 10 percent, and the bee is 8 percent.

It is important to note that livestock are insured against fire, storm, hurricane, flood, lightning, earthquake, heavy snow or extreme cold, electric shock, poisoning by poisonous herbs or substances, snakebite, being hit by vehicles, falling into ravines

and also against various diseases resulting with death. Liability of the insurance organization does not exceed 80% of the balance value of livestock. The insurance premium is determined based on the insurance amount and the established insurance tariffs and must be transferred to the account number of the insurance organization within 10 days after the conclusion of the contract. According to the tariffs set by JSC "Uzagrosugurta", the tariff rate for insuring livestock belonging to farmers and peasant farms against death due to natural disasters, various diseases and other events constitutes 4-8 percent of the insurance amount.

CONCLUSIONS

In the conditions of the market economy, the establishment of farms is considered to be a new form of management in the agricultural sector based on different ownership. Today it is recognized as a promising form of management which is the reason for the positive results of the economic reforms carried out in the field and their wide introduction into production. However, due to the sharp connection of agricultural production with climatic conditions, as a result of various natural disasters, thousands of farms end their financial activities with losses. One of the



most optimal ways to compensate or reduce these losses was to improve the mechanism of insurance against agricultural risks, and the following conclusions were reached:

- high risk and harm in agriculture;
- high level of dispersion and large number of potential insurers;
- specificity and locality of regions;
- the degree of complexity of risk assessment;
- increase in moral hazard;

Based on the above conclusions, there have been made the following suggestions:

- formation of insurance culture among farmers of agricultural products;
- increasing the types of insurance services provided to agricultural enterprises and improving their quality;
- formation of financial resources (at the level of the state and private sectors) to provide agricultural enterprises with insurance protection;
- to ensure continuous and as high as possible increase of insurance reserves for agricultural insurance.

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