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INTERNATIONAL INSURANCE MARKET AND EXPERIENCE OF FOREIGN COUNTRIES IN AGRICULTURAL INSURANCE

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Abstract: *The article discusses the insurance market and agro-insurance activities in foreign countries. The scientific and practical significance of the ongoing reforms in the development of the insurance industry is illustrated by the experience of foreign countries. Proposals and recommendations have been developed for the widespread introduction of best practices in foreign countries in the insurance market of our country, in particular in the development of agricultural insurance services.*

Keywords: *foreign countries insurance market, foreign experience in agricultural sector insurance, insurance premium, index insurance, insurance companies.*

Introduction

No doubt the share of insurance companies operating in the insurance market of various developed countries of the world is growing from year to year. Indeed, the activity of the international insurance market and the development of the insurance market in each country as a scientifically conceivable indicator of the insurance of the agricultural sector is expressed in terms of the share of insurance premiums in GDP, insurance premium income and per capita insurance premiums.

As a proof of our statement, it should be noted that it is no exaggeration to say that the United States, England, Canada, Spain, Australia, Germany, France, the Netherlands, Luxembourg and Russia are the leaders in the number of insurance companies in the insurance market.

Today it is necessary to study the international insurance market, assess institutional changes in the insurance sector, monitor the legislation in the field of insurance and their current results, assess the state of liability of the insurance market for various natural disasters and the current state of insurance in support of the agricultural sector.

The aim of research is to study the development trends of the international insurance market and to further increase the benefits and importance of agricultural insurance in cases of various natural and man-made disasters in the agricultural sector today. In many developed countries of the world, the increase in various man-made phenomena, as well as natural disasters and natural-climate change in the agricultural sector are the main causes of food insecurity.

Therefore, we believe that the study of international experience in the international insurance market and the insurance of the agricultural sector and the widespread introduction of achievements in international insurance practice in the insurance of the agricultural sector of the country will ensure the efficient use of land and water resources

in agriculture. will be the basis for the effective use of insurance services in mitigating the damage caused by climate change.

The need to solve this research problem and to study the international insurance market and improve the insurance practice of the agricultural sector is reflected in the following:

- Development of recommendations for the development of the country's insurance market based on the study of the international insurance market and its specific features;
- assessment of the impact of the agricultural sector on the natural and climatic conditions and their relationship to various natural hazards;
- Lack of ability of agricultural enterprises, in particular, farms and dehqan farms to eliminate financial losses and compensation for damage caused by various man-made and natural disasters;
- Lack of state support for insurance of the agricultural sector and the dependence of agricultural production on natural hazards.

The study of the international insurance market and the insurance system of the agricultural sector, as well as the constant study of the development of agro-insurance activities will contribute to the radical development of the agro-insurance sector in our country.

Indeed, the development of the insurance market of the country, in particular, the insurance of the agricultural sector, guarantees the correct organization of activities in accordance with international standards in the management of cotton, grain and other crops, processing of agricultural products, delivery to consumers. financial support to agricultural enterprises through the provision of agricultural insurance services is expressed as a general set of various objective, organizational, economic and social processes related to the compensation of financial losses of agricultural enterprises even in the face of various natural climate change.

Literature review

President of the Republic of Uzbekistan Sh. Mirziyoyev directly commented on the development of the country's insurance market: "Insurance services are one of the means of protecting the economy from various financial risks. However, the role of these services in the financial market of our country is not large yet. The share of this industry in the country's GDP is only 0.4%. For comparison: this figure is 11% in South Korea, 6% in Germany and 1.5% in Russia. One of the problems in the industry is that insurance services are not attractive enough [1].

The research of these authors directly covers the methodological basis of the development of the insurance market and agricultural insurance activities, the specific features of the factors affecting insurance and the use of insurance services in various production facilities.

Research methodology

The main purpose of the study is to study the activities of the international insurance market, as well as to develop scientific and practical proposals and recommendations for the development of the insurance market of the country based on the analysis of the state of insurance of the agricultural sector in the international

insurance market. Comparison, grouping, and empirical research methods were widely used in the process of study.

Furthermore, the analysis of the insurance market of developed countries and the assessment of the level of insurance of the agricultural sector can be used in the development of targeted state programs to further improve the insurance policy in the insurance market in our country, especially in the agricultural sector.

Analysis and results

Insurance plays crucial role in ensuring the sustainable development of the economy, strengthening the financial stability of manufacturing enterprises and protecting the life, health and property of the population. The insurance practice has its own long history. In this regard, one of the most pressing issues today is the theoretical and practical study of insurance activities, a broad study of the achievements in the international insurance market.

Currently, the insurance market has a unique experience in developed countries, in particular, the United States, Canada, Australia, Europe and Russia and Ukraine. In recent years, as a result of the development of the insurance market in these countries and the ongoing reforms in the insurance of the agricultural sector, as well as the introduction of new programs in the sector, public confidence in the insurance market and agricultural insurance is growing.

Table 1

Number of insurance companies operating in the insurance market of developed countries¹

State	2004	2006	2007	2009	2011	2012	2014	2016	2017	2018
1. Australia	141	130	124	119	115	110	105	99	89	89
2. Austria	52	52	50	50	51	47	43	38	37	35
3. Belgium	114	107	106	97	97	90	81	73	68	69
4. Canada	333	345	345	142	136	134	106	102	100	94
5. Finland	135	128	120	117	91	55	51	48	47	50
6. Germany	642	426	422	400	393	376	373	364	364	364
7. Luxembourg	352	337	341	329	316	312	302	281	277	277
8. Spain	330	296	289	294	278	268	254	231	220	211
9. Sweden	155	170	181	199	181	172	170	157	153	162
10. Switzerland	174	170	171	168	161	161	159	145	144	140
11. Turkey	50	33	49	52	59	57	62	59	61	62
12. United Kingdom	779	497	492	496	478	470	449	279	281	258
13. USA	4 737	4 529	4 481	4 689	4 581	4 582	4 669	4 164	4 382	4 380

From the above data, the lowest number of insurance companies operating in the insurance market of developed countries as of 2004 was 50 insurance companies operating in Turkey, an increase of 124% as of January 2019.

In the United States, where the insurance market is developed and has the highest rate, there were 4,737 insurance companies operating in 2004, a decrease of 7.5% as of January

¹ <http://www.sigma.com>
2/2020 (№ 00046)

2019. As of the end of 2018, the number of insurance companies in the insurance market of many developed countries has been declining. In conclusion, it is precisely as a result of the formation of a highly competitive environment in the insurance market that competitive companies continue to act.

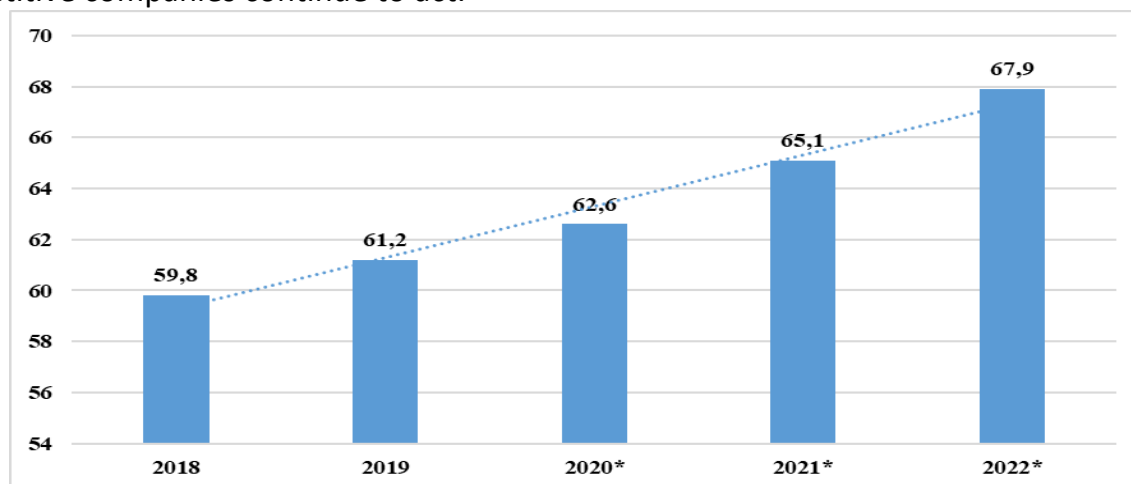


Figure 1. Forecast of insurance premium receipts for property insurance claims in the UK from 2018 to 2022

The number of property insurance claims paid by 258 insurance companies operating in the UK insurance market is growing every year. In 2018, insurance companies operating in the domestic market paid more than 17 billion euros in property insurance claims. From the above data, it can be seen that the forecast for insurance premium income in the UK is projected to increase to £ 67.9bn by 2022.

**Table 2
Revenues from insurance premiums for all types of insurance in the international insurance market ²**

Indicators	2011	2012	2013	2014	2015	2016	2017	2018
European countries	1 639 959	1 551 882	1 630 607	1 713 176	1 508 604	1 457 316	1 546 484	1 641 198
Asia-Pacific countries	1 338 011	1 397 868	1 318 716	1 388 538	1 399 151	1 520 599	1 615 216	1 682 510
North American countries	1 345 592	1 398 468	1 391 156	1 397 751	1 432 905	1 463 267	1 520 403	1 597 278
Latin America and the Caribbean	155 460	166 971	173 836	179 283	159 277	153 031	168 064	162 521
Middle Eastern and African countries	94 947	99 291	100 201	104 987	102 416	100 591	107 340	109 718

It can be seen from the data that in the international insurance market there is a tendency to increase the volume of premiums on all types of insurance in all countries. The growth trend can be overestimated, especially in North American countries.

² [Swiss Re Sigma No.3 /2019](#)
2/2020 (№ 00046)

When it comes to direct insurance of the agricultural sector, the US experience in this area is very important. If we look at the insurance activity of the agricultural sector in America, it was established in 1922 at the initiative of the US Senate, and an important normative document in this area is the Law "On Agriculture" (Farm Bill), adopted in 1933. This law is aimed at effective management of various risks in the agricultural sector and insurance against potential risks that may occur in the sector. The U.S. government regulates the terms and conditions of insurance in the agricultural sector and has developed its own tariffs for all types of insurance coverage of agricultural crops in the future.

In the U.S., the Federal Corporation reinsures agricultural risks, makes prepayments for operating and management costs associated with providing insurance services, and oversees the activities of all companies that provide subsidized agricultural insurance services. The Federal Corporation carries out under its control the data on contracts concluded with agricultural enterprises, as well as the analysis of losses and payments.

To conduct public policy in the field of insurance in the agricultural sector, a "Risk Management Agency" has been established under the US Department of Agriculture, which mainly oversees the activities of the Federal Corporation. Its regional offices and staff are involved in the widespread introduction of existing insurance programs and the implementation of new insurance products. The agency provides farmers with information and data on agricultural insurance, other methods of risk management, management of savings accounts, conclusion of contracts. It offers effective mechanisms for risk management in agriculture, not limited to insurance.

To date, about 600 insurance programs have been adopted in the United States at the initiative of the government to insure the agricultural sector. Under the adopted programs, insurance coverage covers more than 85 types of agricultural crops, according to which the main state programs for crop and income insurance are the Catastrophic Risk Protection Program (CRP), the Multirisk Program for Crop Insurance. »(Multiple Peril Crop Insurance, MPCI),« Group Risk Plan (GRP) »,« Income Protection Program ».

There is currently a Dairy Profit Insurance Program for U.S. farmers. Under this program, if the price of milk in the market falls below \$ 4, the state has set a target of buying milk for \$ 4. It is also planned to allocate state subsidies for the payment of insurance premiums for insurance of agricultural crops and livestock against various diseases and losses in the United States on the basis of the developed programs.

Insurance companies involved in insuring the agricultural sector in the U.S. offer a variety of combined insurance packages that protect against floods caused by not only hail but also excessive rainfall and drought from high-risk insurance events. In addition to the various natural disasters that occur in the context of global climate change, additional risks such as various pests or bacteriological diseases are also being covered. Chubb Limited, Zurich Insurance Group and QBE Insurance Group, two of the largest insurance companies in the United States, play a special role in insuring the agricultural sector. In the U.S., financial losses from natural and man-made disasters in 2019 fell to \$ 146 billion.

Table 3

Dynamics of indicators related to the insurance activities of insurance companies in the Russian Federation in 2010-2019³

Years	Insurance premium income		Volume of paid insurance coverage		Payment ratio,%
	Revenue volume (thousand rubles)	% difference compared to the previous year	Paid insurance coverage (thousand rubles)	% difference compared to the previous year	
2019	1 484 888 224	100.36	610 865 414	116.80	41.14
2018	1 479 552 392	115.69	523 004 301	102.61	35.35
2017	1 278 842 561	108.32	509 722 126	100.78	39.86
2016	1 180 631 588	115.32	505 790 110	99.33	42.84
2015	1 023 819 318	103.65	509 217 477	107.82	49.74
2014	987 772 587	109.21	472 268 587	112.24	47.81
2013	904 429 830	111.79	420 769 030	113.89	46.52
2012	809 059 774	121.78	369 439 725	121.72	45.66
2011	664 370 163	119.24	303 524 533	103.06	45.69
2010	557 180 081	108.57	294 508 681	103.29	52.86

The share of insurance companies operating in the Russian Federation in the international insurance market is also growing. In particular, the insurance companies in the Russian insurance market in 2010 collected insurance premiums of 557180081 thousand rubles, the coefficient of insurance coverage paid to cover losses caused by natural disasters and other natural disasters is 52.86%. At the end of 2019, the receipt of insurance premiums increased by 2.6 times.

Agroinsurance is one of the most important effective means of mitigating natural risks, and agroinsurance plays an important role in ensuring the efficiency and sustainability of the agricultural sector. As an effective system of agro-insurance in the country, it is an effective tool to prevent a sharp decline in economic income of agricultural enterprises due to natural disasters, to prevent financial losses and to improve their financial condition.

JSC "Uzagrosugurta" organizes with the issues of insurance against possible natural hazards associated with climate change in the agricultural sector, in our country It is advisable to conclude timely insurance contracts with agricultural enterprises that directly produce agricultural products, financially protect the interests of policyholders in the face of climate change, maximize the use of insurance services and prevent losses due to all kinds of natural and man-made hazards.

Conclusion

To conclude, as a result of studying the international insurance market and the experience of foreign countries in the insurance of the agricultural sector, it is expedient to implement the following as a basis for practical work to improve the insurance of the agricultural sector of the country against natural risks:

³ [Swiss Re Sigma No.3 /2019](#)

- ☒ to take into account various natural risks of agricultural enterprises operating in the agricultural sector and to develop new insurance definitions for them;
- ☒ Identification of natural risks associated with climate change and development of types of insurance to mitigate natural risks;
- ☒ Introduction of bonus rates for permanent insured in insurance of all property of enterprises operating in agricultural enterprises;
- ☒ Development of new concepts for crop insurance of agricultural enterprises.

In addition to the above proposals, a new approach to scientific research to improve the system of insurance of agricultural enterprises against natural hazards in the agricultural sector provides an important basis for ensuring the strategic activities of each insured and their financially sustainable development.

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