INSURANCE OF AGRO-INDUSTRIAL COMPLEX: AN ANALYTICAL APPROACH AND PROSPECTS FOR DEVELOPMENT

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INSURANCE OF AGRO-INDUSTRIAL COMPLEX: AN ANALYTICAL APPROACH AND PROSPECTS FOR DEVELOPMENT

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. Climate change is one of the most pressing issues today, and its globalization, unlike other sectors, has a serious impact on the activities of agro-industrial enterprises.

In our opinion, the only right way is to improve the system of insurance protection against various unforeseen and natural disasters directly by the enterprises of the agro-industrial complex of the republic in the process of growing agricultural crops and livestock products.

Furthermore, the agro-industrial complex has an analytical approach based on the indicators of insurance of agricultural products growing sectors, in particular agricultural crops and livestock products growing farms, and developed proposals and recommendations on the prospects for the development of insurance.

Keywords: Agro-insurance, reforms in insurance, voluntary and compulsory insurance, agricultural crop insurance, livestock insurance, index insurance.

Introduction

Nowadays, climate changes, which are intensely turbulent, various crises occurring on a global scale or the outbreak of unexpected epidemiological diseases, are also having a significant impact on the activities of the agro-industrial complex enterprises of our country. It is important to protect agricultural products by the enterprises of the agro-industrial complex from various disasters such as a sharp change in climate, drought, hail, strong wind, severe and dry frost that occur, in particular, in the process of cultivation of agricultural crops (cotton, grain, rice and other types of crops), livestock products (meat, milk, wool and other types of products).

It is important to note, that, proceeding from the requirements of the state program adopted on the prospective development of our country, that the priority development of the activities of enterprises of the agro-industrial complex, as well as the introduction of new crop varieties in agriculture, the cultivation of organic agricultural products and the cultivation of high quality fruits and vegetables are required nowadays.

Therefore, the protection of the activities of agro-industrial complex enterprises from any unforeseen stigma and natural disasters arising from the goals and objectives urgently important. As one of the priority issues of today's day, it is worthwhile to develop promising proposals and recommendations on financial support and development of agro-industrial complex enterprises on the basis of insurance protection.

Literature review

As a result of reforms in the field of insurance reform and development of the insurance market in our country, an insurance market development agency was established under the Ministry of Finance on the basis of the decision of the
The Cabinet of Ministers of the Republic of Uzbekistan. This agency, as a state body authorized to regulate and develop the insurance market, carries out its duties in the field of protection of the rights and legitimate interests of participants in insurance relations in all sectors [2].

Theoretical and methodological issues of insurance of the agro-industrial complex, as well as the agricultural impact of insurance on the cultivation of agricultural products in conditions associated with climate change (IE drought-resistant properties) studied by the researcher Miao R. In the same way, the impact of the US agricultural sector on climate change and the introduction of innovative research into the process of cultivation of agricultural products, insurance activities and opportunities for adaptation of crop insurance to long-term climate change have been investigated [3].

The issues of insurance protection of corn growers in agriculture have been investigated due to the presence of risks associated with climate change related risks. Also, recommendations have been developed on improving the practice of crop insurance as a result of carrying out various questionnaires on the fulfilment of the requirements of crop insurance [4].

Moreover, the issues of financial support on the basis of livestock insurance in farms specializing in animal husbandry at agro-industrial complex enterprises to a level suitable for climate change, insurance against various natural diseases which is encountered in the process of cultivation of livestock products have been studied by Tahereh Biglari, Hamideh Maleksaeidi, Farzad Eskandari, Mohammed Jalali and etc. [5].

Directly on the global level, climate change is driving drought in different states, as well as various unforeseen natural disasters affecting its livestock sectors and issues of insurance protection from it have been studied by other scientists such as Felix Johna, Russell Toth, Karin Frank, Jürgen Groene veld, Birgit Müller [6].

Research methodology
In the course of the study, an analytical approach was taken to the current state of insurance of the agro-industrial complex and the research work carried out by foreign and local scientists on the main directions of prospective development was studied and the level of insurance of the agrarian sector was assessed. The article presents the problems of insurance of the activities of agro-industrial complex enterprises and their solutions with the use of such methods as systematic approach, generalization of statistical data, analysis and synthesis. Thus, developed scientific and practical recommendations can be used in the process of further improvement of the activities of insurance of the country's agro-industrial complex.

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 our Republic is one of the countries with a huge export potential of agriculture, fruits, vegetables and melons grown on the fertile motherland occupy a strong position in the world markets and there is growing demand of the importing countries for agricultural products grown in our country.

Taking into account the importance of the export potential of agricultural products as one of the major sectors of the economy in the supply of agricultural products to the world markets, the issue of expanding the scope of direct insurance protection is also one of the long-term strategic issues that is becoming the focus of our government.

If we pay attention to the analysis on agricultural products grown by the enterprises of the agro – industrial complex, then in January-December 2020 the total volume of agricultural made up forest and fisheries products (services) will be 260,3 trillion sum including farming and livestock, hunting and services rendered in these areas – 251,8 trillion sum, forestry-6,7 trillion sum, fish farming-1.8 trillion sum [12].

As a result of the reforms carried out in the agrarian sphere, positive growth of the livestock network was ensured in January – December 2020 and compared to the same period of 2019, the growth of meat (in living weight) – 102, 1 percent, milk-102,8 percent was achieved.

Our republic is located on the territory of climate-threatening agriculture, directly affected by drought or water shortages, deterioration of land reclamation and high salinity and the occurrence of large losses caused by other disaster phenomena to the activities of representatives of the agrarian sector. This can make the agrarian sector of the country inseparable from the effects of natural disasters and hinder its Sustainable Development. In this regard, the agro-insurance system will come out in this case as an effective solution to various problems.

The economic reforms carried out in the development of the agrarian sector are giving its positive results in practice. One of the main tasks facing each state is to ensure food security, and the only solution to this is the supply of resources in the process of growing agricultural crops, the supply of seeds and mineral fertilizers, the supply of agricultural products from the field to the consumer, which is important to protect against the various risks that may arise.

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, the implementation of agro-technical measures in its term, the development of the spheres of cultivation, processing and supply of agricultural products. Under any circumstances, it is desirable to carry out reliable insurance services as one of the main factors in the sustainable development of agriculture.

As a result of the reforms carried out in the field of insurance of agro-industrial complex enterprises, the role and position of insurance organizations in the insurance market is increasing. In this respect, the volume of insurance services provided in the insurance market and the level of insurance coverage are in the progress.
The activity of JSC "Uzagrosugurta", which has been operating in the insurance market for more than 28 years in the field of Agricultural Insurance, has a special significance. One of the key tasks is the continuation of agricultural activities, the prevention of food security on the basis of timely provision of agricultural products to the population and the insurance protection of this process.

The main customers of the JSC "Uzagrosugurta" company are agricultural enterprises, farmer and peasant farms, small businesses and private businesses, as well as rural residents. JSC "Uzagrosugurta" carries out certain works to insure customers from situations caused by various natural disasters and unfortunate events.

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

In order to cover the losses incurred by JSC “Uzagrosugurta” as a result of natural disasters, in 2020, as a result of the services provided by the society and its regional branches, a total of 1475649 insurance contracts were concluded with legal entities and individuals, according to which 178,2 mln. sum collected as insurance premiums. In order to cover the losses incurred by the insured, JSC Uzagrosugurta paid insurance compensation in the amount of 91.3 million sums.

One of the tasks of JSC "Uzagrosugurta" is aimed at financial support of the activities of agro-industrial complex enterprises by providing insurance services. Following the contracts concluded for the insurance of the agrarian sector from various natural disasters (all types of insurance) for 2016-2020 years in 2016 year 142,6 bln. sum insurance premiums are collected, in 2020 178,2 bln. sum achieved the proceeds of insurance premiums. The volume of insurance premiums for the insurance of agriculture from various natural disasters decreased by 30 percent in 2020 compared to 2019.

In order to cover the losses of enterprises of the agro-industrial complex from natural disasters, JSC "Uzagrosugurta" in 2016 paid 29.4 billion sums of insurance coverage, in 2020 - 91.3 billion sums. In 2020, compared to 2016, it increased by 61.9 billion sums. 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 sums of insurance premiums for insurance of agricultural crops, of which 34.9 million sums were collected for insurance of cotton and 21.1 million sums for grain insurance. During this period, the insurance indemnity paid by farms to cover losses from natural disasters and other natural disasters amounted to 44.4 million sums.

Besides, 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.

In the development of livestock farms in the regions of the agro-industrial complex, it is necessary to properly plan such measures as expanding the fodder base for them, increasing the number of livestock and increasing the supply of the population by creating value chains, as well as increasing revenue 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 2. The state of livestock insurance by JSC Uzagrosugurta at the end of 2020 [13]
In our country, livestock are insured on a voluntary basis. According to the insurance procedure, the highest amount of insurance money in relation to the insurance value of livestock is 80 percent for cattle, horses, moths, sheep and goats, 60 percent for fur animals and 50 percent for pigs, poultry, fish and bees.

The cost of insurance of pet animals, available directly to individuals, is determined by the agreement of the insurer and the insured, based on market prices. In pet insurance, the insurance premium is set at a rate of 8.0 percent compared to the pet insurance money.

On the insurance of pet products from natural disasters and various diseases in the enterprises of agro-industry complex, insurance services are provided by JSC "Uzagrosugurta" in our country. Also, according to the contract for the insurance of existing cattle on peasant (personal) and farmer farms under the status of 2020 year 192 309,4 mln. sums insurance premiums are collected in order to cover the loss incurred during the same period as 19 043 mln. sums been paying insurance hens.

Insurance protection of agro-industrial complex enterprises positively affects their financial stability and maintaining their position in the market. The reason is that in any case, insurance will come to the field in a timely manner as a financial assistant. Through insurance protection, the enterprises of the agro-industrial complex are protected from various risks and as a result of compensation of losses from natural disasters, the prevention of economic crises and financial losses are achieved.

The insurance coverage paid to the enterprises of the agro-industrial complex, together with the coverage of direct financial losses, serves to save them from bankruptcy.

Among the various risks insurance of the agrarian sector, issues such as timely conclusion of insurance contracts with agricultural enterprises that grow agricultural products by JSC "Uzagrosugurta", Financial Protection of the interests of insurers taking into account climate changes, maximum use of insurance services and prevention of losses affected by all types of natural and technological risks should be in our constant attention.

**Conclusion and proposals**

To conclude, it is worth noting that, in the process improving the normative-legal framework of insurance of the activities of enterprises of the agro-industrial complex of the Republic of Uzbekistan, as well as ensuring the prospect of the process of insurance of the agrarian sector, it is worthwhile to pay attention to the following:

- study of various natural phenomena and natural disasters occurring in agriculture based on the characteristics of the regions and formation of agricultural insurance tariffs on the basis of the territorial approach;
- a fundamental study of the factors and conditions of insurance of the activities of the enterprises of the agro-industrial complex is required, in particular, as a central unit of the agro-industrial complex, it is necessary to ensure that only the farms
carry out insurance work from various risks in the process of cultivation of agricultural products;
- the implementation of the state subsidy on the basis of foreign experience or compensation from the state budget up to 50% of the insurance payment in the insurance of cattle from various diseases and natural disasters on the national scale;
- introduction of electronic insurance policies for livestock network insurance;
- increase of economic and legal literacy of the employees and farmers on "insurance";
- it is desirable to transfer crops (grain and rice products) aimed at satisfying the needs of the population of the country from voluntary insurance to compulsory insurance;
- consideration of the issue of training of specialists in higher educational institutions on "agricultural insurance" in Uzbekistan and organization of joint faculties in this regard.

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