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IMPROVEMENT OF THE LEGAL BASIS OF INSURANCE OF AGRICULTURAL ENTERPRISES

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Abstract: The article describes the risks associated with the activities of agricultural enterprises and their classification, as well as issues of achieving the effectiveness of insurance services through government support and draws conclusions.
Keywords: Agriculture, agricultural enterprises, risks associated with the activities of agricultural enterprises, agricultural insurance, state support of insurance, risk management.

Introduction

Since agriculture is one of the main productive sectors of the country's economy, the further development of this sector has a significant positive impact on the country's economy. At the same time, it should be noted that agriculture is considered a network that is more affected by natural and other natural events, and insurance services are widely used as a means of ensuring timely compensation for losses incurred as a result of such events. Insurance of the agricultural sector appeared in the 20s of the last century as an element of its protection against natural phenomena and has reached a high level of development in a number of countries. Although there are many types of agricultural insurance programs in the world, none of them can be implemented without the use of accurate and reliable information. At the same time, this system cannot function without the support of the state in such an important area as the selection and aggregation of data. To make actual calculations in agriculture, data on agricultural production and weather are needed.

Analysis of the literature on this topic

In accordance with the resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 119 of March 4, 2017, the regulation on the insurance partnership for insurance of the risk of non-repayment of loans allocated to the owners of peasant farms and land plots was developed, according to which the Professional Association of Insurers without the status of a Legal Entity on June 17, 2019, the Cabinet of Ministers of the Republic of Uzbekistan adopted Resolution No. 505 "On improving the insurance system for the future harvest of cotton raw materials and grain crops with ears". According to this decree, up to 80 percent of the total amount of insurance premiums received from economic entities that grow cotton raw materials and grain crops with ears, insurance premiums, cotton raw materials and grain crops that must be paid in accordance with insurance contracts issued for the insurance of future cotton crops and grain crops with ears, will be covered by insurance premiums.

Thus, it allows us to conclude that the agricultural sector is the area in which the forces of nature are most affected. Therefore, agriculture needs more protection, which is provided by insurance in comparison with other sectors of the economy [2].

The importance of agricultural property insurance can be explained as follows:

- organization and use of the insurance fund to cover losses caused to agricultural producers as a result of natural disasters, other unforeseen events and accidents.
- Social assistance is a kind of mutual assistance. Thanks to insurance, it is possible to achieve efficiency for farmers in dealing with the consequences of stigmatized events, and to accurately determine the costs incurred for this purpose. And this creates the conditions for starting to confidently implement the goals set by the farms, reducing the amount of losses associated with various risks that may arise due to these goals;
- agriculture and animal husbandry is considered an important means of protection, and without this tool, the level of risks associated with material losses of farms would go up;
- ensures the stability of the movement of aggregate funds in the economy, so this tool is an important activity of agricultural enterprises in the field of agriculture, in the form of clusters and in all other forms of agriculture;
- ensure food security, cover production costs, improve the financial situation of the economy and, on this basis, ensure the stability of the country's agricultural production.

Therefore, the issue of creating an opportunity to use insurance services for all agricultural entities is relevant. This problem is mainly solved by avoiding state support.

As in all countries, agricultural insurance in Uzbekistan is considered one of the important areas of state support for agriculture, but at the same time it is an area that has not yet achieved sufficient efficiency. Because crop yield insurance (insurance against material damage caused by various natural phenomena, adverse weather conditions as a result of reduced yields or even crop failure), which occupies a major and important place in agricultural insurance, remains a relatively inexpensive type of insurance.

The reasons for this include the following:
- high level of complexity and harmfulness of this type of insurance;
- the lack of a competitive environment in the field of agricultural insurance in our country, the low interest of insurance companies in relation to agricultural insurance, determines the development of this insurance network at the necessary level;
- low level of understanding of insurance issues by the owners of agricultural enterprises and insufficient explanatory work in this regard;
- the main part of agricultural enterprises has low solvency.

The above circumstances actualize the need for state support for agricultural insurance. Due to the fact that agriculture is an important strategic sector, special attention will be paid to government support and subsidies for this sector in all countries that seek to develop this sector. Insurance programs based on government support should be aimed at ensuring the stability of the income of agricultural enterprises, but it is important that they are not focused on the impact on the prices of their products. The system of state support for agricultural insurance should be created without deviations from the basic insurance printouts and be free from errors [3].

Analysis and results

According to the experience of foreign countries, the funds allocated from the budget for agricultural insurance are transferred to these insurance organizations as an insurance premium on the basis of insurance contracts concluded between the selected insurance organizations and agricultural enterprises on the basis of coordination. These funds are part of the insurance premium paid by the agricultural enterprise to the insurance organization, and the remaining part is carried out by the agricultural enterprise at its own expense, as a result of which the enterprise acquires full insurance coverage of the risks associated with its activities. In the event of damage to crops or livestock of agricultural enterprises with such a stock as a result of natural or other events, the damage incurred will be covered by the insurance organization, and not by the state or by themselves.

The implementation of agricultural insurance through Mutual Insurance is widely developed in Europe. This trend is particularly widespread in Austria, whose legal framework was established in this state in 1946. Currently, agricultural insurance in Austria is carried out by associations that unite more than 8 young people. These are non-profit teenagers whose activities are supported by the state, which means that 50 percent of the insurance premiums paid by teenagers are paid by the state. Bunda stated that 25 percent of these funds will be paid from the local budget, and the remaining 25 percent from the federal budget account. [4]

Within the framework of European countries for agricultural insurance, the Spanish experience is the most effective, as well as a system that ensures the optimal level of interests of the state, local authorities and agricultural enterprises. In this country, 60 percent of the insurance and reinsurance premiums paid by agricultural enterprises to insurance organizations are paid by the State. When calculating insurance coverage, the average amount of return for the last 5 years is taken as a basis [5].

As foreign experience shows, when we draw attention to the experience of the Russian Federation in this regard, this issue arises in our country due to the loss or partial loss of crop yields (grain crops with ears, crops intended for technical precipitation, ozokabop crops, melons-watermelons and potatoes) by agricultural producers, from natural phenomena (drought, cold shoots, frost, hail, etc.). Support is provided by paying part of insurance premiums., paid under insurance contracts under the influence of (water push). According to the legislation in force in this country, agricultural producers will be provided with insurance companies for one year for events that may occur before the completion of their planting, and for perennial plants, subsidies will be provided for part of the insurance premium when insuring them against events that may occur before they enter the flower. The volume of these subsidies is about 60 percent of the total amount of insurance premiums [6].

According to the object of occurrence of risks in agriculture, the risks associated with agricultural crops, the risks associated with animal husbandry, and the risks associated with the property of an agricultural enterprise are divided.This classification can be carried out by each insurance company in order to apply it in the development of its tariff policy and used in the application of optimal tariffs that are suitable for both parties. Of course, it is important that they have a risk database created by the company over the years.

Summary and suggestions

Effective use of insurance services in protecting agricultural enterprises operating in this area from various risks associated with their activities, in order to ensure financial stability, is the most optimal method.

In modern conditions of development of Uzbekistan, the introduction of a system aimed at financial support of the state in the payment of insurance premiums paid to the insurance company for the conclusion of a contract for full coverage of agricultural enterprises with insurance services, gives its result, thanks to which it is possible to achieve full coverage of agricultural enterprises with insurance services. This result is achieved as a result of the formation of a large amount of insurance reserves due to insurance premiums paid by insurers in a large amount for the insurer, and the possibility of reducing tariff rates, thereby creating relief for the insurer.

This method should not be doubted in its effectiveness, if we are talking about the fact that many developed and developing countries have experienced and effectively support insurance activities. The problem that a significant part of agricultural enterprises in our country do not use insurance services for various reasons can be eliminated by this method.

In conclusion, it can be noted that agriculture is an important strategic direction in ensuring social protection of the population of any country.

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