

The Importance of Agriculture in A Pandemic and the Role of Insurance Companies in it

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Abstract: *This article highlights the importance of increasing the volume of agricultural production in the context of the COVID-19 pandemic and achieving uninterrupted supply of food to the population of the country on the basis of insurance protection. One of the urgent issues in the context of the pandemic is to ensure food security of the population, the implementation of measures against rising food prices in the regions, which provide basic needs. Today, further improvement of the mechanism of insurance protection of the agricultural sector in overcoming the problems of food security on the basis of increasing the volume of agricultural production is becoming a requirement of the time. Suggestions and recommendations were made on the priority development of the agricultural sector in ensuring food security, the consistent continuation of reforms in the agricultural sector and the further improvement of insurance relations in the financial support of agricultural entities.*

Keywords: COVID-19 pandemic, quarantine, food security, agriculture, agricultural insurance, insurance protection, insurance premium, insurance liability, insurance coverage, insurance reform.

Introduction

It is no exaggeration to say that the spread of the COVID-19 pandemic, which has led to a global economic crisis, has hampered the development of all sectors. In this regard, in addition to protecting the health of the population in the context of a pandemic, it is also important to ensure the food security of their daily needs.

Decree of the President of the Republic of Uzbekistan No. PD-5978 of April 3, 2020 "On strengthening social protection and ensuring the sustainability of economic sectors in the fight against the spread of coronavirus infection" and additional measures to prevent the spread of coronavirus infection in Uzbekistan PP-4649 of March 26, 2020 "On measures". Also, the adoption of the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated March 23, 2020 No 176 "On additional measures against the spread of coronavirus infection" became an important basis for the protection of citizens of the country in a pandemic (2020).

These timely normative and legal acts are aimed at protecting the health of the population as a result of the declaration of quarantine in all regions of the country and as an important measure to prevent the spread of the coronavirus pandemic in the regions.

As a specific problem during the coronavirus pandemic, we must take into account that there are problems with the cultivation and supply of agricultural products in the agricultural sector if we focus on addressing the risks associated with the supply of food to the population. In this regard, agricultural enterprises growing agricultural products in the agricultural sector have a great responsibility.

Representatives of the agricultural sector should directly sow agricultural crops in a timely manner, effectively organize the established agro-technical measures. This means that in any case, the greatest responsibility falls on agricultural enterprises that grow agricultural products, but various natural hazards and unforeseen natural disasters have a serious impact on the activities of the industry.

In this process, it is expedient to further improve the insurance relationship in the recovery of unexpected financial losses on the basis of effective use of insurance services. One of the main factors in ensuring food security on the basis of insurance in the agricultural sector is the fact that the scientific and methodological aspects of the implementation of reliable agricultural insurance services have not been studied as an object of independent research.

Research problem

Improving the scientific and methodological basis of insurance relations in ensuring food security by increasing the volume of agricultural production in the agricultural sector in the context of the coronavirus pandemic. It is also necessary to develop measures to ensure the agricultural sector to cover the financial losses incurred in the process of efficient use of land, water and labour resources in agriculture to ensure food security in the context of the global pandemic.

To solve this research problem, a number of tasks are set:

- Study of the scientific and methodological basis of insurance of agricultural enterprises in the agricultural sector in the context of a pandemic;
- Evaluation of the criteria for the use of insurance activities to cover various financial losses of agricultural producers in ensuring food security in the context of a pandemic;

- Assessment of the current state of insurance of agricultural enterprises and analysis of its development strategy.

Analysis of the relevant literature

Research by Sherrick.B.J, Barry.P.J (2004), Just.R.E, Calvin.L, Quiggin.J. (1999), Cai.J, Song.C. (2017) on the issues of increasing crop production and ensuring food security on the basis of insurance of the agricultural sector led Du. X, Hennessy.D.A, Feng.H. (2014), Du.X, Lu.L, Zilberman.D on the issues of insurance of crop yields in agriculture, insurance protection against various natural and man-made phenomena encountered in the process of growing agricultural products. (2015), Farzaneh.M, Allahyari.M.S, Damalas.C.A, Seidavi.A. (2017), and others who have contributed to the insurance of the agrarian sector.

Agricultural economists A.V.Nikitin (2008), Yu.N.Parakhin (2011), N.M. Yashina (2008), D.I. Egorov (2010), A.A. Nazarova (2015) Agricultural insurance conducted research on The research of these authors focuses on the methodological basis for the development of direct agricultural insurance activities, as well as the theoretical and methodological basis of insurance, taking into account various risks, the specifics of the factors affecting agricultural insurance.

Among the economists on the development of the insurance industry in Uzbekistan are K.M.Kuldashev (2019), I.G.Kenjaev (2019), G.T.Khalikulova (2019), R.Hikmatov, A.Mukhtorov (2002), A.S.Nurillaev (2004) put forward their views on the theoretical and practical issues of insurance. Also, these researchers did not pay much attention to the issues related to agricultural development and insurance in ensuring food security.

Research methodology

After several years of research in the field, it has become clear that the emergence of various unforeseen hazards and natural disasters also has a negative impact on the manufacturing and service sectors. It is true that the various risks posed by the direct COVID-19 pandemic also affect agricultural activities, particularly the process of growing, processing and supplying food. Therefore, the importance of developing the insurance system of the agricultural sector is to cover the financial losses caused by various risks to the activities of agricultural enterprises producing food products and to prevent an economic recession.

Discussion and analysis

It is important to develop measures to prevent the spread of the COVID-19 pandemic, to mitigate and eliminate the damage to the country's economy, to combat the crisis by reducing the risk. In the context of a direct pandemic, it is possible that in the agricultural sector there will be a decline in agricultural production. In this regard, it is natural that a decline in agricultural production will automatically increase food risk. Under the influence of the pandemic, there are cases of direct inability to provide the population with agricultural products or food shortages and malnutrition.

The coronavirus pandemic also has a negative impact on the level of employment in agriculture, the untimely implementation of agro-technical measures in agriculture and the export of agricultural products in the country. In the context of the pandemic, food shortages or declining food stocks are observed in various countries around the world. It should be noted that the shortage of wheat, rice and corn, which are the main guarantees of food security, is causing disruptions in the food supply.

The only way to ensure food security is to ensure the sustainable development of agriculture and the potential risks in agriculture, ie the supply of labour resources in the process of growing agricultural products, timely delivery of seeds and mineral fertilizers, logistics services difficulties, the elimination of interruptions from the field to the consumer, the supply of products to domestic and foreign markets may occur.

During the quarantine period, which also takes place in Uzbekistan, insurance protection is required from various risks in the process from planting to processing of all types of agricultural crops. It is advisable to implement reliable insurance services as one of the key factors in the sustainable development of the agricultural sector. In our country, intensive work is being done to ensure the lives and property of businesses and the population.

As a result of insurance reforms in the country, the role and place of insurance companies in the insurance market are growing. In this regard, the volume of insurance services provided in the insurance market and the level of insurance coverage is growing.

As of January 2020, the number of insurance companies in the insurance market of the Republic of Uzbekistan amounted to 28, the income from insurance premiums amounted to 1727.5 billion soums, while in the same period 813.5 billion soums were paid to cover the losses of the insured.

The activity of JSC "Uzagrosugurta", which has been operating in the insurance market of the country for more than 23 years, has a special significance in the field of agricultural insurance.

Even in the context of a pandemic, 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 clients of Uzagrosugurta are agricultural enterprises, farms, small businesses and private entrepreneurship, as well as the rural population. JSC "Uzagrosugurta" carries out certain work to ensure customers against accidents caused by various natural disasters and accidents.

In the agricultural sector, there are agricultural enterprises, farms, small businesses and private entrepreneurs, and the rural population. Therefore, JSC "Uzagrosugurta" carries out certain work to ensure customers against accidents caused by various natural disasters and accidents. One of the important factors is the financial support of JSC "Uzagrosugurta" in all conditions of agricultural enterprises producing agricultural products (Figure 1).

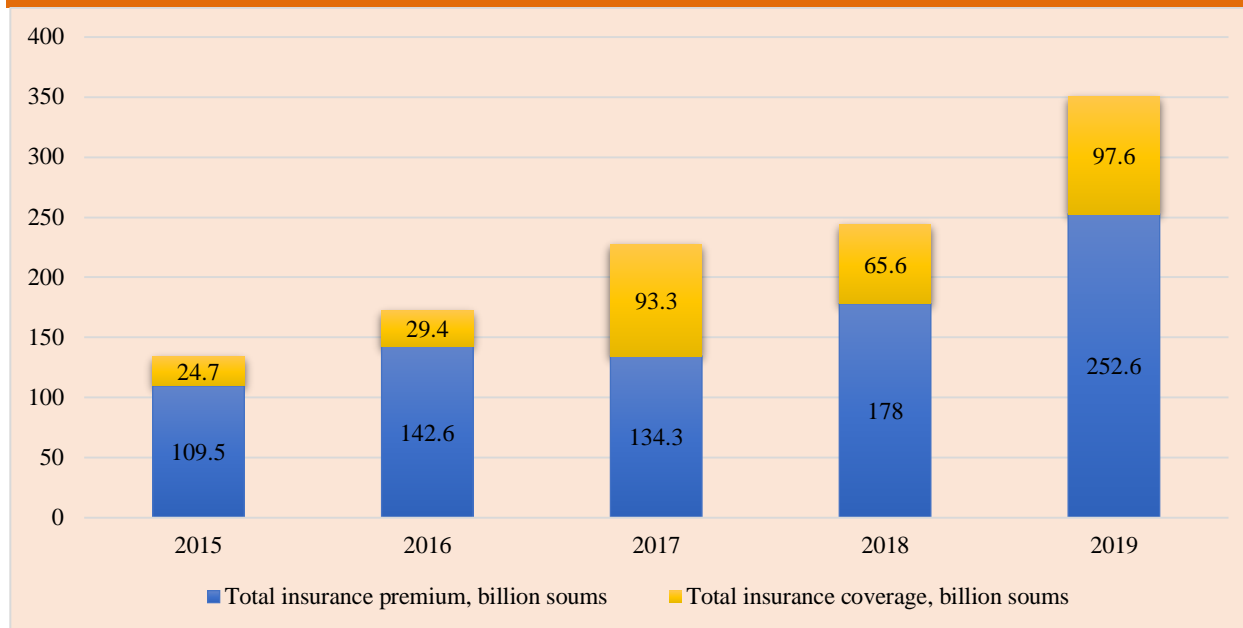


Figure 1. Analysis of the receipt of insurance premiums and the dynamics of payment of insurance coverage of JSC "Uzagrosugurta" for 2015-2019 (billion soums)

In 2015, Uzagrosugurta JSC collected 109.5 billion soums of insurance premiums as a result of agricultural insurance, and in 2019 it reached 252.6 billion soums, which is 2.5 times more than in 2015. In 2015, Uzagrosugurta JSC paid 24.7 billion soums in insurance coverage to cover the damage caused by natural disasters. At the end of 2019, the company and its regional branches paid 97.6 billion soums to cover the losses of the insured. In today's dangerous environment, one of the most pressing issues in the provision of the population with a wide range of agricultural products and the further development of insurance protection to prevent food insecurity in the country.

In order to alleviate the crisis in the context of the pandemic, JSC "Uzagrosugurta" paid 15 billion soums of insurance coverage to legal entities and individuals who have insurance contracts during the quarantine period. In order to cover the losses incurred in the insurance event in agriculture and other sectors of the economy, the implementation of operational calculations and payment of insurance premiums was controlled.

Conclusions and suggestions

In conclusion, the following recommendations should be made to address the above issues:

- Introduction of "smart insurance services" in the agricultural sector on the basis of identification of natural hazards affecting the activities of agricultural enterprises;
- It is necessary to carry out insurance liability in the agricultural sector from sowing to delivery, processing;
- Introduction of a mechanism of state subsidies of insurance premiums paid by agricultural enterprises for the purpose of permanent insurance in the agricultural sector;
- Introduction of digital insurance methods in the insurance of agricultural enterprises producing agricultural products.

In the context of the coronavirus pandemic, the main goal of the country is to eliminate the effects of the pandemic, to provide a wide range of insurance services to ensure food security of the population on the basis of insurance of agricultural enterprises producing agricultural products.

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