

DEMAND FOR HIGH-QUALITY AGRO-INSURANCE SERVICES IN AGRICULTURE AND THE MAIN INDICATORS OF ITS DETERMINATION

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Abstract

In modern society, insurance covers almost all areas of life and business - from life and health insurance, to the use of material, financial, vehicles, structures that carry out many types of business activities, including the agricultural sector. It is no exaggeration to say that the development of insurance institutions reflects the level of economic culture of society. Because this allows to create a complete system of protection against risks that inevitably arise as a result of the influence of natural and technical factors. Therefore, determining and analyzing the demand for insurance provides the provision of alternative insurance services, creates the conditions for the protection of many socio-economic subsystems of society from various risks, and provides sustainable development.

It should be noted that modern international insurance marketing already has a sufficiently developed set of tools that allow establishing effective and long-term relationships between consumers and service providers. However, these tools are aimed at ensuring the sale of various insurance products, and their attractiveness mainly depends on the profitability of the price offer, and are not aimed at developing an insurance culture, implying that certain types of activities are too risky without insurance. These types of activities include local agriculture, which is carried out in extremely unfavorable natural and climatic conditions. These measures do not always achieve their goal due to the fact that consumers misperceive the importance of this type of expenditure. Therefore, through marketing, it is necessary not only to encourage the purchase of insurance services, but also to form the idea that it is a correct rule of economic behavior, a mandatory institution for the implementation of agribusiness.

Introduction. Like many economic relations, the development of insurance should be carried out in two directions: on the one hand, the demand for insurance products should be formed in proportion to the supply. Insurers - producers of agricultural products must have insured interests. On the other hand, it is a supply, meaning that insurance companies have to offer different options for insurance programs and services. However, in modern economic conditions, the development of insurance in this field of agricultural production is mainly quantitative, due to the expansion of the list of insurance zones and insurance objects, changes in budget funds for subsidizing insurance.

Materials and Methods. A detailed analysis of the demand for products or services is necessary in the study and analysis of economic sectors. Demand for agricultural insurance also depends on a number of reasons. The main ones are:

1. Reasons related to risk protection and social functions of insurance companies;
2. Reasons related to the influence of demand on the market structure and behavior of insurance companies.

As for the growth of insurance activities in agriculture, it depends on the economic development of the country, the well-being of the population, the demand of the society to increase social security, the connection with insurance services, etc. First of all, it is necessary to determine what the demand for insurance services means. Demand for insurance service is the amount of money that potential insurers are willing to spend to legally protect a person, property, and liability in order to satisfy their needs. The proposal is determined by insurers - legal entities, who have received the right to carry out insurance activities in the manner prescribed by law. The size and composition of the offer is largely influenced by the factors of competition between insurers, the level of costs for the implementation of insurance activities and other factors that describe the situation in the insurance market.

Result and Discussion. In order to objectively evaluate the state and prospects of the insurance market, it is necessary to analyze the potential policy holders and insurance objects formed in the insurance market,

considered as a need for insurance among the population, characterized by their number, as a demand.

It is appropriate to include an indicator that reflects the need for insurance and can be expressed through the demand coefficient of certain insurance services in the methodology of assessing the insurance market of the regions. This ratio is widely used in various sectors of the economy.

The use of this coefficient in the assessment of the regional insurance market allows to take into account not only the willingness of the respondents to purchase insurance services, but also the share of those who are consumers.

In order to achieve sustainable growth of the regional market, it is necessary to take the following measures for the formation of demand for insurance services: popularization of population insurance, development of insurance culture; improving the well-being of all layers of the population, supporting the further development of small and medium-sized businesses; providing legal assistance to citizens on insurance issues; to create an institution for pre-trial settlement of disputes between insurance companies and their clients.

In order to direct the disposable income of the population to insurance, several conditions are necessary, the most important of which, along with the ability to pay, is the awareness of the client about insurance, the level of economic thinking and the culture of insurance. The conditions of stable demand for insurance are the existence of relations with private property, as well as the accuracy and transparency of insurance activities.

The demand for insurance services is the amount of premiums that can be received by insurance companies in a certain geographical area and at a certain time. Here the question arises: "What form will the demand take?" General demand is divided into real and conditional. Real demand is the demand satisfied by the offer of insurance companies and recorded in official statistics, conditional demand is divided into potential and activated. Potential demand is understood as such a part of consumers that it is necessary to change the product to attract them. In turn, activated demand is not satisfied by the existing offer, it is

related to the way the product is presented.

In the process of studying the market of insurance companies, in particular, how to attract customers, the main focus should be on matching the analysis methodology with the goal. The real demand for total agricultural insurance services can be determined based on the following indicators:

- market scale;
- market saturation level;
- the level of penetration of the product into the market;
- cost component.

The main factor in assessing the size of the agricultural insurance market is the volume of insurance premiums, as well as the rate of growth of this indicator.

Demand is considered as the solvency need for insurance among the population and is characterized by the number of potential policyholders and insurance objects. The provision of insurance services is determined by insurers - legal entities, who have received the right to carry out insurance activities in accordance with the procedure established by law. The size and composition of the offer is largely influenced by the factors of competition between insurers, the level of costs for the implementation of insurance activities and other factors that describe the situation in the insurance market.

Table 1.
Dynamics of the main indicators of demand and supply of the market of insurance services of the Republic of Uzbekistan²

Indicator	2016	2017	2018	2019	2020
Demand indicators					
Insurance premiums	692,6	927,5	1 635,2	1 727,55	1 879,35 (billion)
Share of insurance premiums in GDP, %	0,27	0,29	0,38	0,32	0,31
Share of insurance premiums per capita	21,75	28,64	49,62	51,45	54,9 (thousand)
Supply indicators					
Number of insurance companies	26	27	30	28	30
Share of total insurance premiums attributable to 1 insurance company	26.64	34.35	54.51	61.7	62.65

The demand for insurance services is characterized by the following indicators:

1) Insurance premiums. In 2020, the amount of insurance premiums collected by insurers in Uzbekistan amounted to 1 879,35 billion soums, which is increased by 2.7 times compared to 2016 (692.6 billion soums).

2) Share of insurance premiums in GDP. During the years 2016-2020, the ratio of insurance premium and GDP in Uzbekistan has continuously increased. The indicator reached its maximum level in 2020 and was 0.31%.

3) Amount of insurance premium per capita. For 2016-2020, the indicator increased from 21,750 to 54,900 soums, the growth of this indicator was influenced by the development of the insurance market in Uzbekistan.

Despite the fact that the market of insurance services of

Uzbekistan has already been formed, it is characterized by a number of problems, the most important of which is the imbalance between the demand and supply of insurance services.

This situation is caused by:

- decrease in the income of the main part of the population;
- low level of insurance culture in the society, lack of confidence in the activities of insurance companies;
- lack of basic research (insurance market situation);
- poorly developed infrastructure of the insurance market.

The activity of the joint-stock company "Uzagrosugurta", which operates in the field of agricultural insurance in our country, is of particular importance. One of the important tasks is to continue agricultural activities even in the conditions of the pandemic, to ensure food safety based on timely supply of agricultural products to the population, and to provide this process with insurance protection.

Today, 14 branches of "Uzagrosugurta" JSC, about 200 branches and 521 insurance offices in densely populated areas are operating in the Republic of Uzbekistan. "Uzagrosugurta" JSC directly conducts insurance activities in 17 categories.

The main clients of "Uzagrosugurta" are agricultural enterprises, farmers and peasant farms, small businesses and private entrepreneurs, as well as rural residents.

"Uzagrosugurta" joint-stock company is carrying out certain activities to insure consumers against accidents caused by various natural disasters and accidents. One of the important factors is the financial support of agricultural enterprises producing agricultural products by JSC "Uzagrosugurta" (Figure 1).

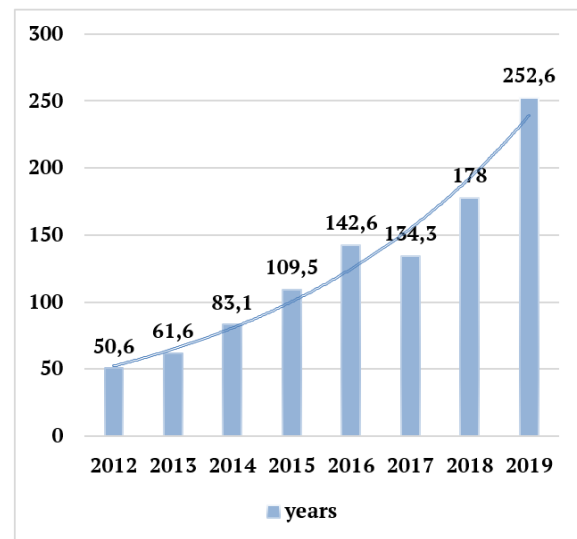


Figure 1. Analysis of the dynamics of insurance premium income of "Uzagrosugurta" JSC in 2012-2019⁵ (billion soums).

"Uzagrosugurta" joint-stock company collected 50.6 billion soums of insurance premiums as a result of agricultural insurance in 2012, and in 2019 it reached 252.6 billion soums, which is 5 times more than in 2012.

In 2012, 7.5 billion soums of insurance coverage were paid to cover damages caused by natural disasters. By the end of 2019, 97.6 billion soums were paid by the company and its regional branches for compensation of insured persons' losses (Figure 2).

Providing the population and the country with a wide variety of agricultural products requires further

development of insurance protection to prevent food insecurity. The development of the agricultural insurance system supports agriculture as a financial mechanism for mitigating and stimulating the economic crisis.

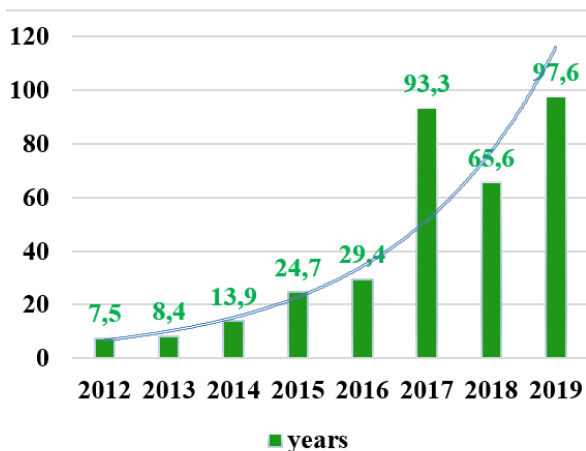


Figure 2. Analysis of dynamics of insurance coverage of "Uzagrosugurta" JSC in 2012-2019⁴ (billion soums).

In order to alleviate the crisis in the conditions of the pandemic, the joint-stock company "Uzagrosugurta" paid 15 billion soums of insurance coverage to legal entities and individuals who had insurance contracts during the quarantine period. As a result of the insurance event, operational calculations and payment of insurance premiums were taken under control in order to compensate for the losses incurred in agriculture and other sectors of

the economy. At the moment, the society has organized work to justify their trust and provide quality services based on remote communication with the insured.

Conclusions. Analyzing the problem of real demand for insurance services, it is important to note the factors affecting insurance and related to insurance premiums and types. For example, regulatory legal documents can help the development of insurance activity, and can also have a slowing effect on it.

When analyzing the demand for certain types of insurance, it is necessary to take into account the relationship between the volume of insurance premiums and other economic indicators.

The growth of insurance premiums in insurance types other than life insurance depends on the following: the ratio of the growth of gross domestic product income to insurance events.

If viewed from the point of view of demand, then the indicators should be compared with the value of the insured property and the attitude of the consumer to the quality of services. If viewed from a supply point of view, it is important to consider the company's performance and financial condition.

In the conditions of developed market relations, the offer of agro insurance services has a dual subjective-objective nature and, accordingly, has an economic and marketing nature.

On the one hand, agro insurance services are a set of services and goods intended for agriculture, which include material and non-material basic needs. This form of support for agricultural production describes its economic nature.

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