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**MODERN DEVELOPMENT OF AGRICULTURAL INSURANCE IN**  
**THE KHABAROVSK TERRITORY**

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**Abstract**

The article is devoted to certain aspects of agricultural development in the Khabarovsk territory and related issues of agricultural insurance. The analysis is based on data from the state statistics service, both on indicators of agricultural development in the Khabarovsk territory and on indicators of agricultural insurance in Russia. Due to the fact that the Khabarovsk region has difficult climatic conditions, most of the territory is covered with forests, and the temperature background changes sharply and often, the development of agriculture in this territory is quite labor-intensive and not always profitable. The products of regional agricultural producers are seriously competing with cheaper vegetables and fruits from border China. The development of crop and livestock production in the Khabarovsk territory is also hindered by limited financial support measures due to the deficit of regional and local budgets. The regional government understands the danger of dependence of the Khabarovsk region on external food imports, as well as the need to support the development of livestock and crop production in order to reduce the share of food dependence from outside. One of the mechanisms for supporting the agricultural sector is agricultural subsidies and insurance. The development and modernization of the domestic regional segment of food production, primarily related to the development of crop and livestock production, is one of the ways to improve the quality of life of the region's population and create additional jobs.

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## 1. Introduction

The authors of the study set a goal: to consider the reasons for the weak development of agricultural insurance in the Khabarovsk territory. The problem statement was designated as: analysis of the problem of agricultural insurance development through the evaluation of its statistical indicators. In this regard, the research questions were: the study of modern legislative regulation of agricultural insurance in Russia; the importance of subsidizing the agricultural sector and the assessment of the components of the modern agricultural insurance market in Russia.

The purpose of the study is to determine whether voluntary agricultural insurance has a positive impact on the development of the agricultural sector in the region and on food security. The following research methods were used: analysis and synthesis, statistical methods.

The Russian agricultural insurance industry is experiencing the following difficulties:

- inability to form their own reserves, which is due to the low solvency of agricultural producers;
- the timing of insurance contracts coincides with the beginning of the sowing campaign, during which all financial resources of organizations are directed, first of all, to the formation of working capital that provides current activities (purchase of seeds, fertilizers, plant protection products, fuel and lubricants for machinery) (Buneeva & Tsydypova, 2019);
- presence of unscrupulous insurers on the market;
- high cost of insurance for agricultural producers;
- imperfection of the method of calculating the insurance cost and the amount of loss (death) of crops (animals) (Vinokhodova, 2017).

The Russian government has already introduced support measures at the legislative level for both agricultural producers and insurance companies that insure agricultural production. The activities of the Russian Government include issues related to food security, the development of domestic enterprises in the field of crop production, animal husbandry, fishing, etc. Import-substitution, which includes it implements the direction of support for domestic food producers, in order to ensure stable food security in the country, is implemented in events in the regions of the Russian Federation. In close connection with the development of agriculture in the country the sphere of agricultural insurance is being modernized.

## 2. Problem statement: analysis of statistical indicators in the field of agricultural insurance

The authors of the study had the goal: to consider the reasons for the weak development of agricultural insurance in the Khabarovsk territory. Using statistical research methods and theoretical methods such as analysis and synthesis, the authors compared the values of official statistical indicators in the field of agricultural insurance. First of all, the authors calculated the ratio of statistical indicators of agricultural insurance in the Far East to the all-Russian values, as well as in the Khabarovsk territory to the all-Russian values.

## **2.1. Legislative regulation of agricultural insurance in Russia**

Federal law No. 260-FZ of July 25, 2011 "On state support in the field of agricultural insurance and on amendments to the Federal Law "on the development of agriculture", which establishes state support for insurers in the framework of the execution of agricultural insurance contracts, as well as regulates the formation of reserves in this insurance industry: funds received by the Association of insurers from the investment of the compensation Fund and the exercise of the right to claim are directed to the replenishment of the compensation Fund; while not more than twenty-five percent of the funds received by the Association of insurers from investing the Fund for compensation payments can be sent by the Association of insurers in coordination with the Bank of Russia, authorized body and the Federal body of Executive power performing functions of elaborating state policy and normative-legal regulation in sphere of insurance activity, the financing of target programs of the Association of insurers on development of system of agricultural insurance, carried out with state support.

## **2.2. Modern agricultural insurance market in Russia**

The insurance market in Russia has undergone many changes over the past 20 years, and agricultural production itself is associated with many risks. The trend observed over the past 7-10 years in the field of agricultural activity confirms that significant losses to agricultural producers from floods, droughts, fires, etc. 2017 and 2018 are characterized by the fact that the volume of premiums received by insurance companies under agricultural insurance contracts has decreased significantly in comparison with 2013 and 2014, i.e. with the period when the state indicated its line of support for the development of the agricultural sector and its component - agricultural insurance (table 1).

**Table 1.** Information about collected insurance premiums under agricultural insurance contracts

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Insurance premiums (contributions) collected by agricultural insurance insurers total in Russia (million rubles)	10257.0	12079.4	14696.5	9943.8	10014.9	3944.8	3750.2

Note: The table is compiled by the authors on the basis of data from the Federal state statistics service (Official data of the Federal state statistics service, 2020a; Official data of the Federal state statistics service, 2020b; The Regions Of Russia. Socio-economic indicators, 2019; Review of insurers activities in 2018..., 2018).

At the same time, if we consider the values in table 2 that reflect agricultural activity in the Khabarovsk territory, then in the period 2017-2018 there is a decrease in the index of production. The index of production is "lagging" from the costs of agricultural production, including the costs associated with insurance. The data in table 3 according to Rosstat generally reflect that the profitability of sold goods, products (works, services) of organizations for agriculture, forestry, hunting, fishing and fish farming in the Khabarovsk territory is not only negative, but also lower than in the far Eastern Federal district (The Regions Of Russia, Socio-economic indicators, Stat. sat. Rosstat, M., 2019).

**Table 2.** Values of the main indicators for agricultural activity or 2005-2018 in the Khabarovsk territory

Indicator	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agricultural products in farms of all categories (in actual prices), million rubles for the Khabarovsk territory	7478	14839	15018	15346	15265	16709	17439	16347	16702	17099
Index of agricultural production in farms of all categories, as a percentage of the previous year in the Khabarovsk territory	94.6	97.3	100.2	99.5	92.3	101.0	87.7	89.7	102.5	100.4

Note: \*The table is compiled by the authors on the basis of data from the Federal state statistics service (Official data of the Federal state statistics service, 2020a; Official data of the Federal state statistics service, 2020b; The Regions Of Russia. Socio-economic indicators, 2019)

**Table 3.** Indicators for agricultural activity in 2018

Russian Federation as a whole or region	Turnover of organizations in agriculture, forestry, hunting, fishing and fish farming as a percentage of the total number of organizations fish farming (billion rubles)	Share of unprofitable organizations in agriculture, forestry, hunting, fishing and fish farming as a percentage of the total number of organizations	Production of main types of agricultural products in peasant (farm) farms (thousands of tons)	Profitability of sold goods, products (works, services) of organizations in agriculture, forestry, hunting, fishing and fish farming as a percentage of the total number of organizations
Russia in general	154625.4	27.1	32824.3	12.8
Central federal district	70169.4	34.0	5653.3	18.6
city of Moscow	49392.7	42.1	-	-23.8
Eastern federal district	5260.1	37.5	226.6	-10.8
Khabarovsk territory	853.4	51.0	4.2	-18.2

Note: \*The table is compiled by the authors on the basis of data from the Federal state statistics service (Official data of the Federal state statistics service, 2020a; Official data of the Federal state statistics service, 2020b; The Regions Of Russia. Socio-economic indicators, 2019; Statistical indicators and information..., 2018).

The same indicator for Russia is generally positive. Of course, the Khabarovsk region, particularly its Northern areas are characterized by very severe weather conditions, it is impossible to relate fully with the climate in the Central part of Russia or the southern areas (in the Primorye territory and the Amur region climatic conditions are softer). The territory of the Khabarovsk region and more not only in size but also more forested, and poor transport accessibility especially in Northern areas of the region, poorly developed infrastructure in many areas, all these conditions slow down the development of agriculture.

Agriculture of the Khabarovsk region needs not only subsidies and subsidies, but also the involvement of specialists in its development: specialists in the field of livestock and crop production, agronomists, engineers of greenhouses, etc., in the region, many specialists are not trained in higher and secondary vocational education programs – there are no employment opportunities and attractive conditions for it. At the same time, the region is very dependent on imported milk, meat, and many vegetables and fruits at lower prices, mainly from China. In other words, the products that are produced in the Khabarovsk region are not always competitive, or even profitable, compared to similar agricultural products from China, Turkey, or from neighboring regions-the Primorye territory and the Amur region.

### **3. Research questions: significance of subsidizing agricultural insurance contracts for producers of the Khabarovsk territory**

Food security in the Khabarovsk territory is low, despite the fact that the share of unprofitable agricultural enterprises is 51%, this figure is higher than in the whole of the far Eastern Federal district, and in Russia as a whole. State support measures are needed for the development of agricultural enterprises in the Khabarovsk territory, so that the region can independently cover its needs for basic food products by 75-80 percent. Data provided on the website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory: production of the main types of livestock products in farms of all categories is still low, which reflects statistical data (Official data of the Federal state statistics service, 2020a; Official data of the Federal state statistics service, 2020b; The Regions Of Russia. Socio-economic indicators, 2019).

#### **3.1. Importance of agricultural subsidies in the industry**

Subsidies that are provided in order to reduce the possible loss of income in the production of crop and livestock products in cases of loss (death) of crops and farm animals (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020). Conclusion agricultural producers of the region contracts of agricultural insurance, the relevant law defined the rules for granting and distribution of subsidies from the Federal budget to budgets of subjects of the Russian Federation for compensation of part of expenses of agricultural producers for payment of insurance premiums for agricultural insurance contracts are applied in the Khabarovsk territory. Unfortunately, there is no information on concluded agricultural insurance contracts in the Khabarovsk territory, the share of subsidies allocated, and how these measures affected the profitability of producers (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020).

The entry into force of agricultural insurance contracts and payment by the agricultural producer of the territory of 50 percent of the accrued insurance premium under these contracts; ensuring the average monthly salary of one employee is not lower than the minimum wage established by Federal law – are the main reasons for the payment of subsidies to producers. Subsidies are provided for reimbursement of part of the costs of agricultural producers of the region to pay insurance premiums under agricultural insurance contracts as a result of insurance events. The granting of subsidies is declarative (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020).

### **3.2. Indicators of agricultural development in the Khabarovsk territory in 2018-2019**

According to the government of the Khabarovsk territory, the following values were achieved in the agricultural sector in the period 2018-2019. In January-November 2019, in the Khabarovsk region, the production of agricultural products in farms of all categories at current prices amounted to 14,017. 1 million rubles (83.7 % compared to the level of January – November 2018) (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020; Decree Of the government of the Khabarovsk territory of March 20, 2012 N 66-PR "Procedure and conditions for providing subsidies from the regional budget for reimbursement of part of the costs of agricultural producers of the Khabarovsk territory for the payment of insurance premiums under agricultural insurance contracts", 2020).

In January-November 2019, the region produced 1,779 tons of protected ground vegetables, including: cucumbers – 756 tons, tomatoes – 483 tons, and other-540 tons (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020; Decree Of the government of the Khabarovsk territory of March 20, 2012 N 66-PR "Procedure and conditions for providing subsidies from the regional budget for reimbursement of part of the costs of agricultural producers of the Khabarovsk territory for the payment of insurance premiums under agricultural insurance contracts", 2020).

In 2019, the following investment projects are being implemented in the agricultural sector of the Khabarovsk territory (Official website of the Ministry of agriculture, trade, food and processing industry of the Khabarovsk territory, 2020; Decree Of the government of the Khabarovsk territory of March 20, 2012 N 66-PR "Procedure and conditions for providing subsidies from the regional budget for reimbursement of part of the costs of agricultural producers of the Khabarovsk territory for the payment of insurance premiums under agricultural insurance contracts", 2020):

- Construction of a 10.3 ha greenhouse complex of JGC evergreen LLC;
- Reconstruction of the greenhouse complex of LLC "agro-industrial complex Vostok" with an area of 6.0 ha;
- Construction of a greenhouse complex for year-round production of green crops K(f)X Butkov V. B. with an area of 0.75 ha;
- Construction of a pig breeding complex for the production of up to 70,000 heads per year in the Khabarovsk territory of scifagro-DV LLC»;

- Construction and reconstruction of a highly efficient agro-industrial enterprise for 700 head of dairy cattle. Construction of a grain dryer, reconstruction of a granary for the purpose of deep processing of grain LLC "Vector" s. Kiinskoe, district. Lazo;

- Creation of seed production for growing and processing soy seeds in the Khabarovsk territory, LLC "Sporos»;

- Construction of a livestock complex for 2,000 head of dairy cattle, a dairy plant with a capacity of up to 21.0 thousand tons of dairy products per year, LLC "green agro-Khabarovsk";

- Construction of a pig breeding complex with a capacity of 945 tons of meat per year, LLC "green Star-2" in the Lazo district;

- Development of specialized beef cattle breeding with a capacity of 130 tons of meat per year. Cultivation of agricultural crops necessary for feeding cattle, LLC "SHP "Kolos" [9, 11].

There is no information about the current level of implementation of these projects. But they have state support.

Agricultural enterprises in modern conditions of development of the Khabarovsk region without the state financial support cannot exist that is associated with many factors: the remoteness of farmland, not well-developed transport infrastructure, both within the region and in the far Eastern Federal district (in regions still not developed a unified system of coordination of transit, because in the chain of decision-making involved enterprises of different ownership forms and departmental affiliation, authorities, and between them there is no single established mechanism of interaction); quite high energy tariffs (even despite all measures of state support to reduce them in the far East); lack of developed agricultural machinery in the region (all agricultural machinery is imported either from the countries of the Asia-Pacific region or from the Western regions of Russia); lack of non-state financial investments, including through the mechanism of agricultural insurance.

## 4. Conclusions

Currently, mandatory and property insurance is actively developed in Russia and in the Khabarovsk territory, the share of voluntary agricultural insurance is small, food security is weak in the region, the quality of life of the population is lower than the average in Russia, strong negative migration processes (the outflow of population from the region has not stopped since the 1990s, the last ten years have only slowed its pace), the lack of specialists for priority economic areas, including agriculture and the insurance sector.

### 4.1. Insurance activity in the Khabarovsk region is mainly represented by large Russian companies

Insurance activities in the Khabarovsk region are mainly represented by branches of large Russian companies, with registration in Moscow and Saint Petersburg. Regional insurance companies do not compete with them, they leave the market, so the main financial flows in insurance (namely, in collecting insurance premiums) fall on the Western region of Russia.

#### **4.2. The Main financial centers, including in the insurance sector, are located in Moscow**

Almost all of the share collected from insurance premiums is reallocated in Moscow, due to the fact that the legal addresses of most major insurance companies and their main offices are located in Moscow. Comparing statistical reports, it can be seen that for Moscow, the share of collected insurance premiums is 89% of the national value, and the share of payments for all insurance contracts, including both mandatory and optional, personal and property-29% of the national value; regarding agricultural insurance, due to the fact that its share in the far Eastern Federal district is too small, there is no information about it in open statistical reports (Review of insurers' activities in 2018. Official data of the Federal state statistics service, 2020; Russian Insurance market: ..., 2020; Statistical indicators and information..., 2020; Central Bank Of The Russian Federation, 2020).

#### **4.3. The Khabarovsk region has a weak food self-sufficiency: the share of food produced within the territory is small, and food imports from neighboring regions are high**

Thus, for a more detailed study of the features of agricultural insurance in the Khabarovsk region, additional scientific research and statistical measurements in this area are necessary; it is necessary to conduct an additional analysis of the food security of the region.

#### **4.4. Agricultural insurance in the Khabarovsk territory is almost not developed, and additional research is needed on the mechanisms for developing This type of insurance in the region**

In general, problems of development of the Khabarovsk territory: the outflow of population, poor transportation infrastructure in the region and in the whole of Far Eastern Federal district, the lack of the Far Eastern Federal district in Khabarovsk region of uniform system of coordination of transit, lack of agricultural machinery in the region, the lack of specialists in the sphere of agricultural insurance and agriculture in General, low levels of private investment in agriculture. These and other aspects negatively affect the development of agriculture in the Khabarovsk territory and its food security. State programs for subsidizing agricultural insurance contracts exist, but they do not allow solving all the problems in this industry, i.e. a comprehensive system solution is needed to solve the existing difficulties in the development of agriculture in the Khabarovsk region and its component – agricultural insurance. In addition, the increase in agricultural production in the territory of the region will create additional jobs, increase trade with neighboring regions. The development of agricultural insurance will help reduce risks in the agricultural sector, increase its investment, and therefore become one of the factors for its successful development.

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