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The Impact of Insurance On The Restoration of Productive Forces In The Occurrence of Technical Events

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Abstract: This study investigates the role of insurance in restoring and advancing productive capacities amid technical and economic disruptions. The research primarily examines Uzbekistan's insurance market as a crucial component for fostering a resilient economy, enhancing resource allocation, and addressing the agricultural sector's vulnerability to unpredictable natural events. The objective is to assess how insurance services reduce unforeseen costs, stabilize income, and mitigate risks in agricultural production by covering natural disasters and economic fluctuations. The methodology employed includes both quantitative and qualitative approaches, utilizing statistical data from Uzbekistan's national database to provide a comprehensive analysis. A comparative review of global insurance practices highlights how state-supported crop insurance aids farmers in achieving financial stability, reducing reliance on government subsidies, and facilitating access to credit. Key mechanisms in these insurance models include government involvement in premium subsidies and setting regulations that ensure affordable, accessible insurance coverage tailored to the agricultural sector's specific needs. The results reveal that while crop insurance participation is essential, engagement among farmers remains low due to economic constraints. Increased investment in insurance education, regulatory policies, and governmental support could enhance adoption rates. Additionally, this study discusses initiatives by international organizations to strengthen insurance expertise, particularly in addressing climate change risks. Overall, the findings underscore the potential of insurance as a stabilizing force within Uzbekistan's economy, particularly in bolstering the agricultural sector against adverse conditions, and suggest pathways for optimizing insurance practices to enhance economic resilience.

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1. Introduction

The process of development of the insurance market in Uzbekistan is connected with the improvement of the innovative economy, and the creation of a network of insurance companies is a necessary condition for the formation of the economic, social, information and analytical sphere of society. At the same time, insurance contributes to the restoration and development of productive forces in the event of technical and economic events, reduces unforeseen expenses, reduces the effect of the inflation factor, optimizes the ratio of supply and demand of goods and services.

The diversity of insurance services provided affects the relationship between business entities and the population and the state, which determines the need to regulate financial relations. It should be noted that in the practice of insurance in Uzbekistan,

international experience in protecting the population, business entities and owners is not sufficiently considered, and the insurance culture is very low. Uncertainty and instability, economic fluctuations, growth in the number of competitors, even well-thought-out and qualified management decisions give rise to production risk, which is significantly reduced by insurance.

Literature review. In the general economic structure, business entities in the agricultural sector are more exposed to losses. Therefore, entities in the agricultural sector are more dependent on natural conditions than other industries, and represent a process with a long reproduction cycle. Economists note that disruption of continuity is caused by the loss of means of labor or any other events. This is, first of all, the destruction of or damage to property (crops, livestock, etc.) due to natural disasters, drought, frost, floods, accidents, fires, etc., leading not only to direct financial losses reimbursed under property insurance contracts, but also indirect losses associated with the stoppage or slowdown of production.

Thus, in our opinion, agriculture as a branch of production is most susceptible to the impact of uncontrollable external natural phenomena.

Insurance sets in motion the financial policy of the state in the agricultural sector. Crop insurance, as noted by J.R. Zaynalov, reduces the dependence of agricultural producers on other state subsidies and grants, strengthening solvency, provides guarantees that facilitate access to credit, aimed at maintaining a certain level of income, it allows the producer to continue production despite unfavorable conditions.

According to E. Tokareva the place of the insurance market of a separate country in the system of relations in the world market of insurance of risks of natural catastrophes is determined considering the level of its development and the country's ability to exercise control over the activities of participants in the world market of insurance of risks of natural catastrophes. The first group includes countries with a developed insurance market and high control capabilities.

According to Mushonga, F.B. & Mishi, S.,(2022) the use of insurance can help mitigate the costs associated with natural hazards, such as loss of life, property, crops, and medical expenses. However, considering the growing incidence and veracity of natural catastrophes, it is unclear if there is a matching demand for insurance.

Eling and Lehmann(2018) stated that the financial and insurance ecosystem will undergo significant changes due to digitalization, which will have an effect on every aspect of the insurance value chain, including product development, pricing and underwriting, sales and distribution, policy and claims administration, and asset and risk management ().Moreover, the emergence of ties between hitherto disparate industries and fresh rivals has created a new insurance scenario 4.0 that will allow players in the market to integrate into an entirely new ecosystem.

2. Materials and Methods

This research implemented both quantitative and qualitative research methods for acquiring reliable results in this research. Statistics have been obtained from the national statistics database of Uzbekistan.

Analysis of insurance systems in different countries allows us to draw several conclusions. Firstly, in almost all countries this type of insurance is, on the one hand, a measure of state regulation of the agricultural complex, on the other hand, the insurance itself falls under state regulation, since the parameters of insurance technology are usually set by the state. Secondly, insurance of subjects of the agricultural sector is aimed at ensuring a certain profitability of the commodity producer - the farmer. Thirdly, it is based on state subsidies and is implemented through a system of private insurance companies that have a direct connection with farmers - policyholders, and, ultimately, are liable under insurance contracts.

3. Results and Discussion

What is similar in many agricultural insurance systems is that their fundamental features are enshrined in the relevant laws. Moreover, as can be seen from the analysis, most modern laws on state regulation of insurance in the agricultural complex are based on many years of experience in the application of insurance to farmers.

The insurance is based on the following principles: manifestation of a negative impact on the development of agricultural production; food security and profitability of the agricultural sector.

Along with this, the level of crop yield is insured in case of its reduction due to natural factors. The insurance fund should be formed in the amount of 5-7% of 75-80% of the average annual value of the crop over the past 15 years. The farmer must contribute 50%, the Ministry of Agriculture - 25% of the fund amount, equal to 76-80% of the average annual value of the crop over the previous 5 years. The level of crop insurance is determined at the request of the farmer.

70-80% of farmers should participate in crop insurance activities, but their activity is only 30%, the main reason being the alienation of farm income for insurance measures. Payments from special reserve funds in case of emergency situations should be made on the basis of special agreements between national and local governments.

Moreover, The United Nations Development Program (UNDP) in cooperation with the Prospective National Agency of the Republic of Uzbekistan and the Association of Professional Participants of the Insurance Market of Uzbekistan organized a training for insurance professionals on the topic of financing climate change and natural disaster risks with the participation of an international expert.

The main goal of the training is to establish a climate for the participants of the insurance market of Uzbekistan at the level of insurance companies and to finance the risks related to natural disasters. In view of the importance of the problems related to the problems of climate change and the problems of natural disasters, increasing the importance of its infrastructure, it helps to establish and increase the importance of the climate. offer. The two-day training supports participants' knowledge of opportunities, climate change and the basics of natural resources, financial, financial involvement, sustainable trends and other areas. It should be stated that Global climate change, in particular, various risks arising as a result of natural disasters have a serious negative impact on the sustainable development of the world economy. It is noteworthy that the organization of this training serves to further strengthen the knowledge and skills of specialists in the field of financing risks related to climate change and natural disasters. It should be stated that climate change is a serious threat to the economy of all developed and developing countries. Insurance is the main method of risk management system, including natural risk management system. Therefore, participation in this event was practical and theoretically useful for representatives of insurance companies and actuarial organizations.

4. Conclusion

A number of implemented measures are in effect in the agricultural sector: crop insurance, income insurance; unified insurance, net income insurance. These measures are included in programs and legislative acts on the protection of farm incomes, the funds of which are created at the expense of contributions from producers, etc. By insuring the levels of guaranteed prices and net incomes of farmers, the state reduces the volume of direct economic assistance to them as far as possible. In unfavorable circumstances, they are compensated for 75-80% of losses.

In the world experience, there are mainly three methods of compensation for the damage caused to the economy as a result of anthropogenic activity on the environment, and these are - at the expense of the state budget, it is carried out at the expense of the individual's own funds and at the expense of the funds embodied in the insurance

business. State regulation of damage compensation levers create opportunities for direct and indirect influence on the insurance market and serve to improve relations in the field of environmental insurance, taking into account the real state of the economy and ecology

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